Virginia Polytechnic Institute and State University

ANNUAL FINANCIAL REPORT

2023-2024

Contents

Cover photo by Christina Franusich/Virginia Tech

2024 Snapshot

Student Enrollment

30,504 Undergraduate

7,790 Graduate

Faculty and Staff

5,769 Faculty

3,386 Staff

Degrees Conferred

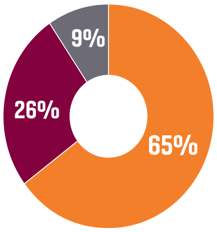
7,271 Undergraduate (first majors)

2,571 Graduate (and first professional)

Revenues

$2.4B

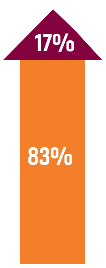
Operating Non-Operating Other



Endowment

$1.95B

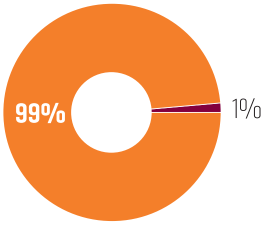
Contributions Appreciation



Expenses

$2.0B

Operating Non-Operating



Sponsored Program Awards

Number of Awards Granted

2,126

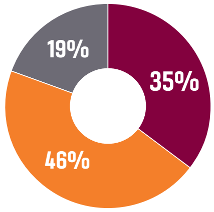
Value of Awards Received

$ 548.1 M

Student Financial Aid

$714.9M

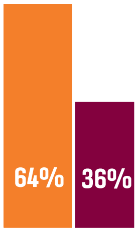
Loans Grants Employment



Assets

$4.5B

Capital Noncapital



University Highlights

For the years ended June 30, 2020 - 2024	2019-20	2020-21 [1]	2021-22	2022-23	2023-24
Student admissions					
Applications received, including transfers					
Undergraduate	34,769	33,538	44,936	48,211	50,220
Graduate	7,376	7,445	7,448	8,498	8,956
Offers, as a percentage of applications					
Undergraduate	69.2%	65.7%	55.8%	57.0%	57.2%
Graduate	48.4%	57.6%	59.5%	48.0%	53.7%
New enrollment, as a percentage of offers					
Undergraduate	36.4%	35.5%	30.5%	29.7%	28.9%
Graduate	48.2%	37.4%	45.0%	44.8%	41.9%
Total student enrollment (head count)					
Enrollment by classification					
Undergraduate	29,300	30,020	29,760	30,434	30,504
Graduate and first professional	7,083	7,004	7,519	7,736	7,790
Enrollment by campus					
Blacksburg campus	34,131	24,878	34,656	35,593	35,734
National Capital Region	980	752	871	715	810
Other off-campus locations	1,272	11,394	1,752	1,862	1,750
Enrollment by residence					
Virginia	23,762	24,479	23,619	23,722	23,426
Other states	8,589	8,998	9,966	10,564	10,857
Other countries	4,032	3,547	3,694	3,884	4,011
Degrees conferred					
Undergraduate (first majors)	6,832	7,393	7,290	8,076	7,271
Graduate and first professional	2,159	2,084	2,117	2,568	2,571
Faculty and staff					
Full-time instructional faculty	2,050	2,068	2,082	2,135	2,183
Other faculty and research associates	2,914	2,888	2,953	3,155	3,355
P14 faculty/part-time faculty	228	232	249	263	231
Support staff	3,471	3,380	3,257	3,276	3,386
Total faculty and support staff	8,663	8,568	8,541	8,829	9,155
Percent of instructional faculty tenured	51%	53%	51%	50%	50%

(1) 2020-21 admissions, enrollments, and course delivery options were affected as a result of the COVID-19 pandemic.

Financial Highlights

For the years ended June 30, 2020-2024 *(all dollars are in millions; square feet in thousands)*	2019-20	2020-21 *(restated)*	2021-22 *(restated)*	2022-23 *(restated)*	2023-24
Revenues, expenses, and changes in net position					
Operating revenues	$ 1,188.8	$ 1,162.3	$ 1,311.6	$ 1,443.3	$ 1,537.9
Operating expenses	1,549.8	1,509.5	1,637.2	1,810.4	1,953.9
Operating loss (1)	(361.0)	(347.2)	(325.6)	(367.1)	(416.0)
Non-operating revenues and expenses (1)	382.4	517.8	436.1	545.4	611.6
Other revenues, expenses, gains, or losses	101.1	130.3	199.7	212.9	221.4
Net increase in net position	$ 122.5	$ 300.9	$ 310.2	$ 391.2	$ 417.0
University net position					
Net investment in capital assets	$ 1,437.6	$ 1,521.3	$ 1,705.6	$ 1,994.3	$ 2,112.0
Restricted	$ 213.5	$ 251.7	$ 259.1	$ 322.6	$ 443.8
Unrestricted	$ (135.6)	$ 42.1	$ 160.6	$ 288.1	$ 416.2
Assets and facilities					
Total university assets	$ 2,889.4	$ 3,291.9	$ 3,578.1	$ 4,217.0	$ 4,512.7
Capital assets, net of accumulated depreciation	$ 1,936.1	$ 2,112.5	$ 2,292.4	$ 2,685.1	$ 2,887.9
Facilities—owned gross square feet	11,855	12,273	12,373	12,530	12,643
Facilities—leased square feet	2,273	2,134	2,146	2,407	2,425
Sponsored programs					
Number of awards received	2,391	2,328	2,097	2,311	2,126
Value of awards received	$ 367.7	$ 349.3	$ 390.3	$ 458.1	$ 548.1
Research expenditures reported to NSF (2)	$ 556.3	$ 542.0	$ 592.0	$ 598.1	N/A
Virginia Tech Foundation					
Gifts and bequests received	$ 163.5	$ 177.0	$ 203.3	$ 136.1	$ 178.3
Expended in support of the university	$ 180.7	$ 155.8	$ 242.2	$ 220.6	$ 246.9
Total assets and managed funds	$ 2,226.0	$ 2,687.6	$ 2,667.8	$ 2,838.3	$ 3,026.3
Endowments (at market value)					
Owned by Virginia Tech Foundation (VTF)	$ 932.4	$ 1,184.7	$ 1,167.3	$ 1,314.0	$ 1,333.9
Owned by Virginia Tech (held with VTF)	397.0	495.6	507.9	575.9	605.8
Managed by VTF under agency agreements	8.5	10.1	9.6	10.0	10.5
Total endowments supporting the university	$ 1,337.9	$ 1,690.4	$ 1,684.8	$ 1,899.9	$ 1,950.2
Student financial aid					
Number of students receiving selected types of financial aid					
Loans	13,267	13,140	12,894	13,195	13,070
Grants, scholarships, and waivers	20,548	20,606	20,179	23,478	22,690
Employment opportunities	12,430	9,747	11,693	12,390	12,789
Total amounts by major category					
Loans	$ 200.2	$ 202.4	$ 206.5	$ 226.5	$ 246.7
Grants, scholarships and waivers	243.5	251.0	265.9	289.0	329.9
Employment opportunities	94.7	94.4	101.6	122.9	138.3
Total financial aid	$ 538.4	$ 547.8	$ 574.0	$ 638.4	$ 714.9

(1) The university will always be expected to show an operating loss since significant recurring revenues are shown as non-operating. Major revenue sources reported as non-operating include state appropriations, gifts, and investment income. These revenue sources are used for general operations in support of the learning, discovery, and engagement missions of the university.

(2) Total research expenditures reported to the National Science Foundation for the current year were not available at publication date.

Message from the Executive Vice President and Chief Operating Officer

As an institution with bold ambitions, Virginia Tech is committed to providing an exceptional education to our students, leading through impactful research and scholarship, and being a strong partner to the communities we serve. The university's motto, *Ut Prosim* (That I May Serve), is not just a catch phrase; it is a mindset that serves as a lodestar for fulfilling our mission as a land grant institution. Each of these goals is ambitious; taken together, they require us to think differently about how we carry out and resource our work and advance in directions that align with our strategic priorities. Fiscal year 2024 saw the university emphasize two major strategic commitments that typify *Ut Prosim*. The Virginia Tech Advantage is a multiyear commitment to enhance students' educational experience by increasing scholarships for in-state students, providing additional support for unmet needs, helping with career preparation, and offering transformational learning experiences. The Virginia Tech Global Distinction underscores the university's commitment to elevating the international prominence of the institution and strengthening capacity to act as a force for positive change.

Amy Sebring
Executive Vice President and Chief Operating Officer

During FY24, we completed foundational work to identify and align existing resources in these domains and plan for new investments that will support implementation of these priorities. Virginia Tech's strong financial performance bolsters not only these exciting new initiatives but also strengthens the university's leveraging of technology to enhance the user experience, improve our business processes, and optimize our human talent. In all facets of our work, we remain committed to excellence in discovery, learning, and engagement.

In FY24, the university made significant gains in total revenues, net position, endowment market value, sponsored research program awards, and student scholarships. Specifically, the university's total (operating and non-operating) revenue increased 7.7 percent over the prior year to $2.37 billion, with total expenses growing 7.9 percent to $1.95 billion, resulting in an increase in net position of $417 million or 16.3 percent. The market value of total endowments supporting the university grew 2.6 percent, while total assets and managed funds of the Virginia Tech Foundation grew 6.6 percent. The value of total sponsored program awards grew 19.7 percent to $548 million. The total value of grants, scholarships, and waivers awarded to students increased 14.2 percent to $330 million, reflecting the university's commitment to the Virginia Tech Advantage and supporting students with financial need.

Virginia Tech continued to see growth in student demand as well, achieving a historic milestone with 47,128 first-year applications for fall 2023—an increase of 4% over the previous year. The university experienced notable growth in applications from first-generation students and across diverse demographic groups, with Early Decision applications rising by 17 percent.

Total enrollment for the 2023-24 academic year reached 38,294 students, including 30,504 undergraduates and 7,790 graduate and professional students, marking slight increases from the prior year. Retention rates also improved, particularly among first-time, underrepresented, and first-generation students. At the emerging Innovation Campus in Northern Virginia, enrollment climbed to 795 students pursuing advanced degrees in computer science and computer engineering. This growth is in direct support of the commonwealth's Tech Talent Investment Program, a critical initiative to address Virginia's tech talent gaps.

Clearly, the value of a Virginia Tech education is increasingly being recognized for the outstanding value of rich learning experiences that contribute to our students' long-term success. Although rankings have their limitations, they do provide some reflection on how others view us – and Virginia Tech is being noticed. Virginia Tech was ranked #20 among top public schools in the U.S. News & World Report's 2023-24 Best College rankings. The university also ranked #6 among all U.S. public schools in recent Wall Street Journal/College Pulse rankings that measure how much a school improves students' chances of graduating, their future earnings, and the overall student experience.

A marker of the Virginia Tech Global Distinction commitment, the university's research impact is soaring to new heights, driving innovation and shaping the future. The National Science Foundation's latest Higher Education Research and Development (HERD) survey, which charts the nation's institutions by FY23 research expenditures, reflected growth of university externally funded expenditures to $418.5 million. This achievement exceeded the university's 2025 goal of $415 million two years sooner than anticipated. Building on these results, Virginia Tech has launched an ambitious new goal of $600 million in externally funded expenditures by fiscal year 2029. The university also achieved higher rankings in key disciplines, placing #21 in computer and information sciences, #14 in mathematics and statistics, and #14 in engineering.

Virginia Tech's research performance helped propel the university into the top 10 percent of participating schools in the Times Higher Education 2024 Impact Rankings. These rankings assess over 2,000 universities around the globe against the United Nations' Sustainable Development Goals and are calibrated across the disciplines of research, stewardship, outreach, and teaching.

The Commonwealth of Virginia made critical investments in Virginia Tech to support higher education affordability, enhance employee compensation, and advance research programs in FY24. A total of $403.1 million in annual general fund appropriations was provided to the university from the commonwealth to support the operations of the academic division, cooperative extension and agricultural experiment station division, student financial aid assistance, research, and the Corps of Cadets programs in FY24 – an increase of $37.8 million over the prior year. Incremental state support in FY24 included $9.2 million in appropriations for affordable access and $9.2 million for student financial assistance. The appropriation also included the state share of a 5 percent compensation program for faculty, staff, and graduate assistants that took effect in July 2023 and an additional 2 percent program for December 2023.

Private philanthropy continues to be a significant driver in realizing the university's aspirations. The university received $226 million in new gifts and commitments in FY24. The three-year annual average of new gifts and commitments stands at $239 million, with a goal to grow this average to $300 million annually by the end of the decade. The university's Boundless Impact campaign total stands at $1.64 billion, nearing the $1.872 billion goal to be raised by June 30, 2027. The undergraduate alumni giving participation level exceeded 20 percent for the third straight year, making it a national leader in this category. Virginia Tech's Giving Day reflected high alumni participation raising more than $13 million from nearly 19,000 donors in all 50 states and 21 different countries. In October 2023, the university launched a $500 million fundraising effort to support the Virginia Tech Advantage – with a goal of $450 million in support of undergraduate scholarships for in-state Pell- and state grant-eligible students and another $50 million supporting student success initiatives such as career preparation, transformational learning experiences, and more. The launch was augmented by a $10 million gift to create the Preston and Catharine White Endowed Diversity Scholarship – which will provide scholarships to students from underrepresented and first-generation backgrounds each academic year.

The value of the Virginia Tech Foundation's endowed assets totaled $1.95 billion as of June 30, 2024, an increase from the FY23 total of $1.90 billion. The continued strength in philanthropy, coupled with solid endowment performance offers flexibility to invest in university priorities and expand financial aid resources for students.

The university continued to expand opportunities for learning, research, and discovery in new ways, while also partnering with the commonwealth and private industry on several economic, workforce, and education initiatives. The university's strategic focus and investments into the health sciences research and national security frontiers are illustrated by:

- Announced in FY24, the Red Gates Foundation committed to a $50 million gift to the Fralin Biomedical Research Institute (FBRI) to support research in cancer and brain disorders.
- With funding from the state, planning is underway to design a new 125,000 gross square foot (gsf) building for the Virginia Tech-Carilion School of Medicine and renovate 51,000 gsf of the existing School of Medicine and Research Institute building to be backfilled by FBRI.
- FBRI continued to expand its partnership with the Children's National Research Innovation Campus in Washington, D.C., with a strategic goal of enhancing research activity around pediatric cancer, neuroscience, neurobiology, and more.
- FBRI received $1 million from the commonwealth in FY24 to research the efficacy of making electroencephalogram combined transcranial magnetic stimulation available for veterans, first responders, and law-enforcement officers.
- Virginia Tech also received a designation as a Focused Ultrasound Center of Excellence from the Focused Ultrasound Foundation, a marker of the transdisciplinary program's potential to impact human and animal lives in areas of critical unmet need such as neurological disorders and hard-to-treat cancers.
- The Virginia Tech National Security Institute recently received $17 million in funding to collaborate with the U.S. Navy and industry to test autonomous undersea robotics – a marker of the institute's continued growth and impact since its establishment in 2021.
- The Commonwealth Cyber Initiative, comprised of 46 Virginia higher education institutions, reported $110 million in new research grants and contracts for FY24, furthering its vision of making Virginia a global cybersecurity leader. This includes a $42 million grant from the U.S. Department of Commerce related to wireless mobile networks, featuring the CCI xG Testbed at Virginia Tech – a cutting-edge facility that is helping train future cybersecurity experts and offers industry partners an unparalleled opportunity to test hardware and software before moving to the marketplace. As one of only 17 of its kind in the world, the Testbed positions Virginia Tech at the forefront of innovative research and industry collaborations in cyber technology.

Supporting the institution's mission and long-term vision, Virginia Tech's portfolio of active capital projects had a combined adjusted budget of $1.27 billion for FY24, with nearly $295 million of annual expenditures and $760 million of cumulative expenditures across 23 projects. FY24 saw the substantial completion of Hitt Hall, a new 101,000 gsf building that houses an expansion of the Myers-Lawson School of Construction, a new dining center, and other academic spaces. The university's new Transit Center began operations in Summer 2024, and additional projects anticipated to come online during the 2024-25 academic year include a new 102,700 gsf science instruction laboratory building, comprehensive renovations to War Memorial Hall, and the opening of the new 11-story, 300,000 gsf Academic Building One in Alexandria, Virginia in spring 2025.

During the 2024 General Assembly Session, Virginia Tech was able to secure additional state funded maintenance reserve authorization at $43.4 million for the upcoming 2024-26 Biennium, which provides funding to help maintain aging campus buildings. The university also secured construction authorization and funding for two additional projects to improve research facilities in Center Woods and campus accessibility as well as planning funds for the Derring Hall Building Envelope Repairs project and improvements to the Eastern Shore Agricultural and Extension Research Center (AREC).

Supporting these transformational capital projects and strategic initiatives requires consideration and management of the university's debt. For FY24, the university reported a debt ratio of 4.82 percent, with a long-term debt liability of $781 million. The university maintained its credit ratings of Aa1 from Moody's Investors Service Inc., and AA from S&P Global Ratings (note: in December 2024 S&P Global upgraded the university's rating to AA+). Our proactive capital outlay and debt allocation planning processes ensure the university meets its debt-related performance requirements while preserving capacity for future priority projects.

This year has been pivotal to solidifying Virginia Tech's foundation to deliver on its land grant imperative of serving the commonwealth and for bringing talent not only from within the commonwealth but across the globe to solve the most pressing issues of our time.

Management's Responsibility for Financial Reporting and Internal Controls

VIRGINIA TECH

The information in this Annual Financial Report, including the accompanying basic financial statements, notes, management's discussion and analysis, and other information is the responsibility of Virginia Tech executive management. Responsibility for the accuracy of the financial information and fairness of its presentation, including all disclosures, rests with the management of the university. Management believes the information is accurate in all material respects and fairly presents the university's revenues, expenses, and changes in net position as well as its overall financial condition. This report was prepared in accordance with generally accepted accounting principles for public colleges and universities in the United States of America as prescribed by the Governmental Accounting Standards Board. Management is responsible for the objectivity and integrity of all representations herein. The Annual Financial Report includes all disclosures necessary for the reader of this report to gain a broad understanding of the university's operations for the year ended June 30, 2024.

The administration is responsible for establishing and maintaining the university's system of internal controls. Key elements of the university's system of internal controls include: careful selection and training of administrative personnel; organizational structure that provides appropriate division of duties; thorough and continuous monitoring, control, and reporting of operating budgets versus actual operating results; well communicated written policies and procedures; annual self-assessments led by the Office of the University Controller; a growing management services segment; and an extensive internal audit function. Although there are inherent limitations to the effectiveness of any system of accounting controls, management believes that the university's system provides reasonable, but not absolute, assurances that assets are safeguarded from unauthorized use or disposition, and accounting records are sufficiently reliable to permit preparation of financial statements and appropriate accountability for assets and liabilities.

The Virginia Tech Board of Visitors has created two committees which review and monitor the university's financial reporting and accounting practices. The Finance and Resource Management Committee meets with university financial officers and external independent auditors annually to review the Annual Financial Report, results of audit examinations, and quality of financial reporting. The Compliance, Audit, and Risk Committee periodically meets with internal auditors and university financial officers. These meetings include a review of the scope, quality, and results of the internal audit program, as well as a review of issues related to internal controls.

The Auditor of Public Accounts (APA), the office of the Commonwealth of Virginia's auditors, has examined these annual financial statements and the report thereon appears on the facing page. The APA examination includes a study and evaluation of the university's system of internal controls, financial systems, policies, and procedures, resulting in the issuance of a management letter describing various issues considered worthy of management's attention. The university has implemented policies and procedures for the adequate and timely resolution of such issues. No material weaknesses were found on internal control matters by the APA for the fiscal year ended June 30, 2024.

Simon P. Allen
Vice President for Finance and Chief Financial Officer

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
An equal opportunity, affirmative action institution

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 18, 2024

The Honorable Glenn Youngkin, Governor of Virginia
Joint Legislative Audit and Review Commission
Board of Visitors, Virginia Polytechnic Institute and State University
Timothy D. Sands, President, Virginia Polytechnic Institute and State University

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

Opinions

We have audited the financial statements of the business-type activities and discretely presented component unit of **Virginia Polytechnic Institute and State University** (Virginia Tech), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Virginia Tech's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of another auditor, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Virginia Tech as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component unit of Virginia Tech, which is discussed in Notes 1 and 27. Those statements were audited by another auditor whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the component unit of Virginia Tech, are based solely on the report of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Virginia Tech and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the component unit of Virginia Tech that were audited by another auditor, upon whose report we are relying, were not audited in accordance with Government Auditing Standards.

Emphasis of Matters

Change in Accounting Principle

As discussed in Note 1 of the accompanying financial statements, Virginia Tech implemented Governmental Accounting Standards Board (GASB) Implementation Guide 2021-1 Question 5.1, related to capitalizing groups of assets. Our opinions are not modified with respect to this matter.

Correction of 2023 Financial Statements

As discussed in Note 1 of the accompanying financial statements, the fiscal year 2023 financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Other Matters

Report on Summarized Comparative Information

We have previously audited Virginia Tech's 2023 financial statements, and we expressed unmodified audit opinions on the respective financial statements in our report dated November 3, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived, except where revised due to error corrections and the implementation of GASB Implementation Guide 2021-1 Question 5.1, as discussed in Note 1.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Virginia Tech's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Virginia Tech's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Virginia Tech's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 11 through 19; the Schedule of Virginia Tech's Share of Net Pension Liability, the Schedule of Virginia Tech's Pension Contributions, and the Notes to the Required Supplementary Information for Pension Plans on pages 65 through 66; the Schedule of Virginia Tech's Share of OPEB Liability (Asset), the Schedule of Virginia Tech's Share of OPEB Contributions, and the Notes to the Required Supplementary Information for the Pre-Medicare Retiree Healthcare, Health Insurance Credit, Group Life Insurance, Disability Insurance and Line of Duty programs, as applicable, on pages 67 through 69. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Virginia Tech's basic financial statements. The supplementary information, such as the Virginia Tech Foundation, Inc. information, Affiliated Corporations Financial Highlights, and Consolidating Schedules, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information as been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, including the Virginia Tech Foundation, Inc. information and Affiliated Corporations Financial Highlights, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the 2024 Snapshot, University Highlights, Financial Highlights, and Message from the Executive Vice President and Chief Operating Officer but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2024, on our consideration of Virginia Tech's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Virginia Tech's internal control over financial reporting and compliance.

Staci A. Henshaw

AUDITOR OF PUBLIC ACCOUNTS

MBR/vks

Photo by Luke Hayes/Virginia Tech

Management's Discussion and Analysis
(Unaudited)

Virginia Polytechnic Institute and State University, popularly known as Virginia Tech, is a comprehensive land-grant university located in Blacksburg, Virginia. The university offers approximately 280 graduate, undergraduate, and professional degree programs through its nine academic colleges: Agriculture and Life Sciences; Architecture, Arts, and Design; Engineering; Liberal Arts and Human Sciences; Natural Resources and Environment; Pamplin College of Business; Science; Virginia-Maryland College of Veterinary Medicine; and Virginia Tech Carilion School of Medicine.

Virginia Tech has evolved into a position of increasing national prominence since its founding in 1872, consistently ranking among the nation's top universities for undergraduate and graduate programs.

The university is an agency of the Commonwealth of Virginia and therefore included as a component unit in the Commonwealth of Virginia's *Annual Comprehensive Financial Report.* The 14 members of the Virginia Tech Board of Visitors govern university operations. Members of the board are appointed by the Governor of Virginia.

Overview

This unaudited *Management's Discussion and Analysis* (MD&A) is required supplemental information under the Governmental Accounting Standards Board's (GASB) reporting model. It is designed to assist readers in understanding the accompanying financial statements and provide an overall view of the university's financial activities based on currently known facts, decisions, and conditions. This discussion includes an analysis of the university's financial condition and results of operations for the fiscal year ended June 30, 2024. Comparative numbers are included for the fiscal year ended June 30, 2023, and have been restated according to guidance in *Implementation Guide 2021-1 Question 5.1*, which became effective for reporting periods beginning after June 15, 2023, and for errors related to leases and subscription-based information technology arrangements (SBITAs) in accordance with GASB Statement 100, *Accounting Changes and Error Corrections.*

Photo by Luke Hayes/Virginia Tech

Since this presentation includes highly summarized data, it should be read in conjunction with the accompanying basic financial statements, including notes and other supplementary information. The university's management is responsible for all of the financial information presented, including this discussion and analysis.

The university's financial statements have been prepared in accordance with GASB Statement 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements 37, 38, and 63. The three required financial statements are the *Statement of Net Position* (balance sheet), the *Statement of Revenues, Expenses, and Changes in Net Position* (operating statement), and the *Statement of Cash Flows.* These statements are summarized and analyzed in the following sections.

In accordance with Section 2100 of the GASB codification, the university's nine affiliated corporations were evaluated on the nature and significance of their relationship to the university. The Virginia Tech Foundation Inc. (VTF or the foundation) was determined to be a component unit and is presented in a separate column on the university's financial statements. VTF serves the university by generating significant funding from private sources and aggressively managing its assets to provide supplemental funding to the university. The foundation is not part of this MD&A, but details regarding its financial activities can be found in Note 27 of the *Notes to Financial Statements.* Transactions between the university and this component unit have not been eliminated in this year's financial statements.

The following GASB statements of standards became effective and were implemented in fiscal year 2024: Statement 99, *Omnibus 2022*, paragraphs 4 to 10; Statement 100, *Accounting Changes and Error Corrections* - an amendment of GASB 62; and the *Implementation Guide 2021-1, Question 5.1.* The university was not affected by the implementation of Statement 99.

In June 2022, GASB issued Statement 100 *Accounting Changes and Error Corrections.* This statement requires comprehensive disclosures regarding accounting changes and error corrections to include the following: nature and reason for accounting change or error correction; quantitative impact on the financial statements; for errors, a description of the error and how it was discovered and corrective actions taken; cumulative effect on opening balance of net position in a tabular format. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The university adopted GASB Statement 100 in fiscal year 2024 with an implementation date of July 1, 2023, identifying material error corrections related to leases and SBITAs. The university restated beginning balances for error corrections identified related to long-term leases and subscription-based information technology arrangements. The net lease asset decreased by $4.2 million and the associated liability decreased by $4.5 million as a result of the corrections. This change was primarily caused by a reduction of liability owed to the foundation based on corrected debt recovery schedules on the North End Center building and garage. The net subscription asset increased $0.2 million and the associated liability decreased by $0.1 million due to various corrections related to prior period subscriptions.

The university adopted the interpretation of *Implementation Guide 2021-1, Question 5.1* which indicated that the institution should capitalize assets whose individual acquisition costs are less than the institution's capitalization threshold for an individual asset if those assets in the aggregate are significant. These changes were applied retroactively and the prior year was restated. This restatement resulted in the recognition of pooled equipment assets (net) of $52.5 million for fiscal year 2023.

Statement of Net Position

The *Statement of Net Position* (SNP) presents the university's assets, liabilities, and net position as of the end of the fiscal year. The purpose of this statement is to present a snapshot of the university's financial position to readers of the financial statements.

The data presented aids readers in determining the assets available to continue operations of the university. It also allows readers to see what the university owes to vendors, investors, and lending institutions. Finally, the SNP provides a picture of the university's net position and the restrictions for expenditure of the components of net position. Sustained increases in net position over time are one indicator of the financial health of the organization.

The university's net position is classified as follows:

Net investment in capital assets – Net investment in capital assets represents the university's total investment in capital assets, net of accumulated depreciation, amortization, and outstanding debt obligations related to those capital assets. Debt incurred, but not yet expended for capital assets, is not included as a component of net investment in capital assets.

Restricted component of net position, nonexpendable – The nonexpendable category of the restricted component of net position consists of endowment and similar type funds where donors or other outside sources have stipulated, as a condition of the gift instrument, the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income to be expended or added to principal. The university's nonexpendable endowments of $14.7 million are included in its column on the SNP.

Restricted component of net position, expendable – The expendable category of the restricted component of net position includes resources the university is legally or contractually obligated to expend, with restrictions imposed by external third parties. This category partially consists of quasi-endowments totaling $58.3 million. The investment of quasi-endowments is managed by VTF.

Unrestricted component of net position – The unrestricted component of net position represents resources used for transactions relating to academic departments and general operations of the university and may be used at the discretion of the university's board of visitors to meet current expenses for any lawful purpose in support of the university's primary missions of instruction, research, and outreach. These resources are derived from student tuition and fees, state appropriations, recoveries of facilities and administrative (indirect) costs, and sales and services of auxiliary enterprises and educational departments. The auxiliary enterprises are self-supporting entities that provide services for students, faculty, and staff. Examples of the university's auxiliaries are intercollegiate athletics and student residential and dining programs.

Total university assets increased by $295.7 million or 7.0% during the fiscal year 2024, bringing the total to $4,512.7 million at year-end. Current assets increased by $48.1 million. The growth is largely the result of increases in cash and cash equivalents of $57.7 million and prepaid expenses of $2.5 million. These upturns were offset by declines in accounts and contributions receivable of $10.7 million, predominately in the grant and contracts area, and a decrease of $1.4 million in inventories. Noncurrent assets grew by $247.6 million. Depreciable capital assets, net, increased by $136.1 million reflecting the capitalization of completed university research, instructional, and auxiliary facilities discussed in detail in the following section, Capital Asset and Debt Administration. Long-term investments rose $48.0 million while nondepreciable capital assets rose by $66.7 million due to several capital projects currently underway on the university campus and in northern Virginia. There was also an increase of $44.7 million in the Due from the Commonwealth of Virginia line item attributable to additional capital activity being funded by capital appropriations and VCBA 21st century bonds, as well as small increases of $2.7 million in accounts and notes receivable and $0.7 million of other assets. These increases were offset by a decline in noncurrent cash and cash equivalents and short-term investments of $51.3 million which was largely a result of spending down the bond proceeds for capital projects.

Total university liabilities declined by $46.1 million or 2.8% during fiscal year 2024. The current liabilities category decreased by $29.4 million. The decrease in current liabilities was largely due to a decrease of $38.7 million in accounts payable and accrued liabilities, mostly attributable to capital projects payables to contractors. This decrease was offset by a rise of $5.4 million in funds held in custody for others. Noncurrent liabilities fell by $16.7 million. The largest decreases in this area were for long-term debt of $40.2 million, due to normal debt payments, and a long-term lease payable decrease of $12.3 million. These declines were offset by increases in the following areas: the actuarially determined pension liability of $31.2 million; accrued compensated absences of $2.7 million; other postemployment benefits liabilities of $0.9 million; and other liabilities of $1.0 million.

The increase in total assets along with the increase in total liabilities is reflected in the year-over-year growth of the university's net position of $417.0 million (16.3%). Net position in the category of net investment in capital assets increased by $167.7 million, reflecting continued investment in new facilities and equipment supporting the university's mission. Unrestricted net position rose by $128.1 million (44.5%) due to the prudent management of fiscal resources as well as the net change of $46.6 million in VRS Pension and OPEB liabilities, and deferred inflows and outflows.

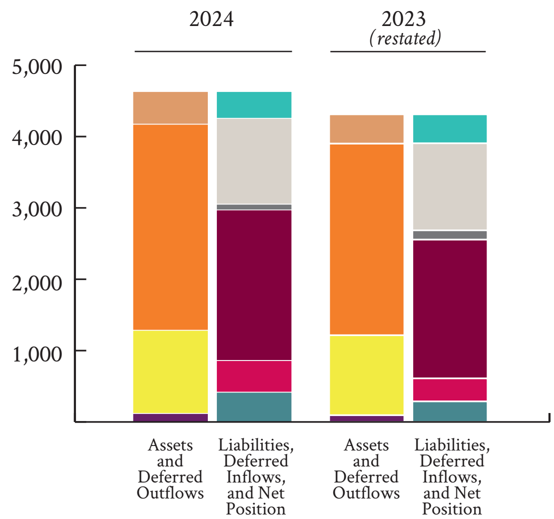
Photo by Jenni Schoner/Virginia Tech

Summary of Assets, Liabilities, and Net Position

Assets, Liabilities and Net Position
For the years ended June 30, 2024 and 2023
(all dollars in millions)

	2024	2023 *(restated)*	Change Amount	Change Percent
Current assets	$ 459.0	$ 410.9	$ 48.1	11.7 %
Capital assets, net*	2,887.9	2,685.1	202.8	7.6 %
Other assets	1,165.8	1,121.0	44.8	4.0 %
Total assets	4,512.7	4,217.0	295.7	7.0 %
Deferred outflow of resources	118.5	94.3	24.2	25.7 %
Current liabilities	376.0	405.4	(29.4)	(7.3)%
Noncurrent liabilities	1,203.6	1,220.3	(16.7)	(1.4)%
Total liabilities	1,579.6	1,625.7	(46.1)	(2.8)%
Deferred inflow of resources	79.6	130.6	(51.0)	(39.1)%
Net investment in capital assets	2,112.0	1,944.3	167.7	8.6 %
Restricted	443.8	322.6	121.2	37.6 %
Unrestricted	416.2	288.1	128.1	44.5 %
Total net position	$ 2,972.0	$ 2,555.0	$ 417.0	16.3%

**Includes long-term leases and SBITAs.*



Capital Asset and Debt Administration

One of the critical factors in ensuring the quality of the university's academic, research, and residential life functions is the development and renewal of its capital assets. The university continues to maintain and upgrade current structures, as well as pursue opportunities for additional facilities. Investment in new structures and the upgrade of current structures serve to enrich high-quality instructional programs, residential lifestyles, and research activities.

Note 7 of the *Notes to Financial Statements* describes the university's significant investment in depreciable capital assets, with gross additions of $328.0 million during fiscal year 2024. Major projects included the completion of Hitt Hall ($69.7 million), the Corps Leadership and Military Science building ($47.6 million), the Upper Quad Hall North residence hall ($39.1 million), and Slusher Hall renovations ($6.6 million). Ongoing investments in instructional, research, and computer equipment, as well as pooled assets, totaled $98.9 million. Depreciation and amortization expense related to capital assets was $175.0 million with net retirement of depreciable assets of $16.9 million. The net increase in depreciable capital assets for this period was $136.1 million. The net increase in nondepreciable capital assets ($66.7 million) was primarily due to more construction-in-progress expenses during the current year for major building projects to be completed after fiscal year 2024. The major projects remaining in the construction-in-progress category include construction of the new Innovation Campus in Alexandria ($252.2 million), construction of a new undergraduate lab building ($75.1 million), renovation of War Memorial Hall ($61.9 million), and other ongoing capital improvements and renovations throughout the university ($101.4 million). In addition, $18.3 million was withheld as retainage payable on major projects under construction. This retainage amount will be moved to the building asset

Photo by Jenni Schoner/Virginia Tech

Photo by Katie Mallory/Virginia Tech

Summary of Capital Project Funding

Funding for Authorized Current and Future Capital Projects
As of June 30, 2024
(all dollars in millions)

	State Funds (1)	Other Funds (2)	University Debt Issued Before June 30, 2024 (3)	University Debt To Be Issued After June 30, 2024 (4)	Total Funding	Cash Basis Project-To-Date Expenses
Current education and general	$ 665.9	$ 104.9	$ 36.0	$ 59.1	$ 865.9	$ 427.4
Current auxiliary enterprise	-	45.7	44.4	-	90.1	73.7
Total current	665.9	150.6	80.4	59.1	956.0	501.1
Future education and general	0.6	17.3	-	-	17.9	1.2
Future auxiliary enterprise	-	19.5	-	-	19.5	0.3
Total future	0.6	36.8	-	-	37.4	1.5
Total authorized	$ 666.5	$ 187.4	$ 80.4	$ 59.1	$ 993.4	$ 502.6

(1) Includes the general fund, capital appropriations, and the general obligation bonds of the Commonwealth of Virginia.
(2) Includes private gifts, auxiliary surpluses, student fees, and other customer revenues.
(3) Includes bonds and notes payable issued in the current or prior years which will be repaid by the university.
(4) Includes bonds and notes payable the university plans to issue in future years which will be repaid by the university.

category once final payments are made to the construction contractors. Proceeds from the sale of commercial paper were used to provide temporary funding for some projects under construction. The majority of the temporary financing will be replaced with the issuance of long-term bonds and notes.

Total liabilities related to debt, long-term leases, and SBITAs experienced a net decrease of $46.3 million during fiscal year 2024. This decrease was due to retirements and terminations ($64.6 million) and the net effect of debt refunding during the current year ($0.4 million). This decrease was offset by the addition of long-term leases payable ($8.8 million) and SBITAs payable ($9.4 million). See Notes 12, 13, 14, 15, and 16 of the *Notes to Financial Statements* for more details.

The educational and general (E&G) portion of the university's capital outlay program includes eight projects currently under construction. These projects include construction of an academic building for the Innovation Campus in Alexandria ($302.1 million), construction of Mitchell Hall to replace Randolph Hall ($292.3 million), a new undergraduate science lab building ($90.4 million), and building envelope improvements ($47.2 million). Future capital projects include the planning phase of a new building for the Pamplin College of Business ($8.0 million). The Commonwealth of Virginia will provide partial funding for several of these E&G projects. In addition to funding received from the commonwealth, the projects may also be funded from a combination of private gifts, student fees, other customer revenues, and debt financing.

The auxiliary enterprises portion of the university's capital outlay program represents two projects currently under construction. These projects include improvements to facilities providing student wellness services ($70.0 million) and football locker room renovations ($5.9 million). Future capital projects include planning for a student life village ($19.5 million). Since auxiliaries are required to be self-supporting, no state general funds or capital appropriations are provided for these projects. These projects will be funded by a combination of private gifts, student fees, other customer revenues, and debt financing.

Virginia Tech had a total authorization of $993.4 million in capital building projects as of June 30, 2024, requiring approximately $59.1 million in additional debt financing. Capital projects in progress carried commitments to construction contractors, architects, and engineers totaling $112.9 million at June 30, 2024. These obligations are for future effort and as such have not been accrued as expenses or liabilities on the university's financial statements. The majority of the financial commitment is attributed to the construction of Mitchell Hall to replace Randolph Hall ($56.3 million), construction of the Innovation Campus in Alexandria ($32.3 million), construction of a new undergraduate science laboratory building ($6.1 million), construction of livestock and poultry research facilities ($4.8 million), and planning for a new Pamplin College of Business building ($4.8 million). These commitments represent only a portion of the university's capital projects currently under construction or authorized by the commonwealth.

The university's bond and commercial paper ratings shown in the table below reflect strong student demand, balanced operating performance, and adequate reserves to address unforeseen expenses.

	Bonds	Commercial Paper
Moody's Investor Service Inc.	Aa1	P-1
S&P Global Ratings	AA	A-1+

Photo by Luke Hayes/Virginia Tech

Statement of Revenues, Expenses, and Changes in Net Position

Operating and non-operating activities creating changes in the university's total net position are presented in the *Statement of Revenues, Expenses, and Changes in Net Position*, found on page 21. The purpose of the statement is to present all revenues received and accrued, all expenses paid and accrued, and gains or losses from investments and capital assets.

Operating revenues are generally received through providing goods and services to the various customers and constituencies of the university. Operating expenses are expenditures made to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the missions of the university. Salaries and fringe benefits for faculty and staff are the largest type of operating expense. Non-operating revenues are revenues received for which goods and services are not directly provided. Included in this category are state appropriations and gifts which supplement the payment of operating expenses of the university and support student scholarships. Therefore, the university, like most public institutions, expects to show an operating loss.

Summary of Revenues, Expenses, and Changes in Net Position

Revenues, Expenses, and Changes in Net Position
For the years ending June 30, 2024 and 2023
(all dollars in millions)

	2024	2023 *(restated)*	Change Amount	Change Percent
Operating revenues	$ 1,537.9	$ 1,443.3	$ 94.6	6.6 %
Operating expenses	1,953.9	1,810.4	143.5	7.9 %
Operating loss	(416.0)	(367.1)	(48.9)	(13.3)%
Non-operating revenues and expenses	611.6	545.4	66.2	12.1 %
Income before other revenues, expenses, gains or losses	195.6	178.3	17.3	9.7 %
Other revenues, expenses, gains or losses	221.4	212.9	8.5	4.0 %
Increase in net position	417.0	391.2	25.8	6.6 %
Net position - beginning of year, as restated	2,555.0	2,163.8	391.2	18.1 %
Net position - end of year	$ 2,972.0	$ 2,555.0	$ 417.0	16.3 %

Operating Revenues

Total operating revenues increased by $94.6 million or 6.6% from the prior fiscal year. The growth in operating revenues came mainly from three areas. Total sponsored grants and contracts, including federal appropriations, grew by $42.6 million. Grants and contracts awarded by federal sponsors increased by $27.9 million, state grants and contracts increased by $6.4 million, nongovernmental grants and contracts grew by $3.6 million and local grants and contracts rose by $2.5 million while federal appropriations increased by $2.3 million. Student tuition and fees rose by $39.4 million reflecting small increases in tuition and fee rates as well as a continuing demand for a Virginia Tech education. Revenues from auxiliaries, such as athletics and dorm and dining programs, rose $16.9 million. Finally, other operating revenues declined by $4.3 million. Overall, the university's operating revenues climbed from $1,443.3 million in fiscal year 2023 to $1,537.9 million in fiscal year 2024.

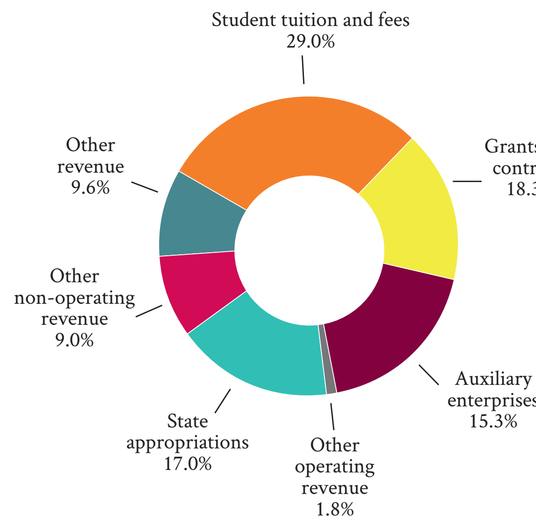
Summary of Revenues

Increase (Decrease) in Revenue
For the years ended June 30, 2024 and 2023
(all dollars in millions)

	2024	2023 *(restated)*	Change Amount	Change Percent
Operating revenue				
Student tuition and fees, net	$ 686.4	$ 647.0	$ 39.4	6.1 %
Grants and contracts [(1)]	448.9	406.3	42.6	10.5 %
Auxiliary enterprises	360.3	343.4	16.9	4.9 %
Other operating revenue	42.3	46.6	(4.3)	(9.2)%
Total operating revenue	1,537.9	1,443.3	94.6	6.6%
Non-operating revenue				
State appropriations	403.1	365.3	37.8	10.3 %
Other non-operating revenue [(2)]	208.5	180.1	28.4	15.8 %
Total non-operating revenue	611.6	545.4	66.2	12.1 %
Other revenue				
Capital appropriations	115.5	43.5	72.0	165.5 %
Capital grants and gifts	105.6	169.2	(63.6)	(37.6)%
Gain on disposal of capital assets	0.3	0.2	0.1	50.0 %
Total other revenue	221.4	212.9	8.5	4.0 %
Total revenue	$ 2,370.9	$ 2,201.6	$ 169.3	7.7 %

(1) Includes federal appropriations
(2) Includes gifts, investment income, interest expense on debt related to capital assets, federal Pell grants, and other non-operating revenue.

Total Revenue by Source
For the year ended June 30, 2024



Non-operating and Other Revenues and Expenses

Non-operating revenues and expenses totaled $611.6 million, an increase of $66.2 million from the previous year's total. Revenue increase in this category resulted primarily from growth in state appropriations of $37.8 million, an increase of $28.5 million in investment income as interest rates remained elevated, as well as a rise in gift revenue transferred from the Virginia Tech Foundation of $14.4 million. Also, federal financial aid grew by $2.0 million. These increases were partially offset by a decrease in Coronavirus relief funding of $7.4 million as those programs came to an end, as well as a decline in other non-operating revenues of $6.0 million largely due to a decrease in the special contributions from the commonwealth for the VRS pension and OPEB programs. Additionally, interest expense increased by $3.1 million.

Total other revenues, expenses, gains, and losses grew by $8.5 million compared to the prior year. The university received an increase in capital appropriation funding of $72.0 million for its maintenance reserve program and other capital projects. Capital grants and gifts declined $63.6 million due to a decrease in capital projects being funded by private gifts. Additionally, there was an increase of $0.1 million in the gain on disposal of capital assets.

Revenues from all sources (operating, non-operating, and other) for fiscal year 2024 totaled $2,370.9 million, increasing by $169.3 million from the prior year. Operating expenses totaled $1,953.9 million for fiscal year 2024, reflecting a year-over-year increase of $143.5 million. Total revenues less total operating expenses resulted in an increase to net position of $417.0 million.

Total Expenses

The university is committed to recruiting and retaining outstanding faculty and staff. The personnel compensation package is one way to successfully compete with peer institutions and nonacademic employers. The natural expense category, compensation and benefits, comprises $1,253.6 million or 64.2% of the university's total operating expenses. This category increased by $117.7 million (10.4%) over the previous year. Generally, changes to expenses in this category come from three sources: increases or reductions in the number of personnel, annual salary increases, and the general trend in the costs of fringe benefits. The benefits section is also affected by the changes in the actuarially calculated expenses for the OPEB and pension programs. Almost all of the natural expense categories saw increases as the university continues to grow and expand.

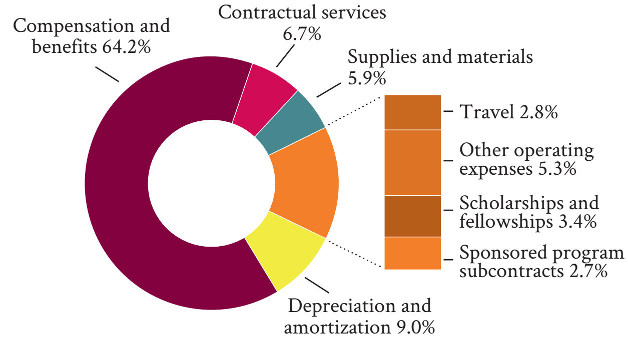
Summary of Expenses by Natural Classification

Increase (Decrease) in Expenses by Natural Classification
For the years ended June 30, 2024 and 2023
(all dollars in millions)

	2024	2023 (restated)	Change Amount	Change Percent
Compensation and benefits	$ 1,253.6	$ 1,135.9	$ 117.7	10.4 %
Contractual services	130.4	147.9	(17.5)	(11.8)%
Supplies and materials	114.4	93.8	20.6	22.0 %
Travel	55.6	51.5	4.1	8.0 %
Other operating expenses	105.9	111.3	(5.4)	(4.9)%
Scholarships and fellowships*	65.9	60.3	5.6	9.3 %
Sponsored program subcontracts	53.1	47.5	5.6	11.8 %
Depreciation and amortization	175.0	162.2	12.8	7.9 %
Total operating expenses	$ 1,953.9	$ 1,810.4	$ 143.5	7.9 %

Includes loan administrative fees and collection costs.

Expenses by Natural Classification
For the year ended June 30, 2024



Operating expenses for fiscal year 2024 totaled $1,953.9 million, an increase of $143.5 million or 7.9% from fiscal year 2023. In the functional categories of expense, research experienced the largest increase ($40.0 million) reflecting the increase in sponsored program awards and the continued investment in the university research centers. Instruction had the second-largest increase ($34.5 million) reflecting the continued investment in providing the highest quality education for the students of the university. Auxiliary enterprise functions also experienced an increase ($28.2 million).

In summary, the university's operating revenues increased by $94.6 million or 6.6% over the preceding year, while operating expenses grew by $143.5 million or 7.9%. This resulted in an operating loss for the current fiscal year of $416.0 million in comparison to the operating loss of $367.1 million generated during the previous year. State appropriations, investment earnings, and other net non-operating revenues were used to meet operating expenses not offset by operating revenues.

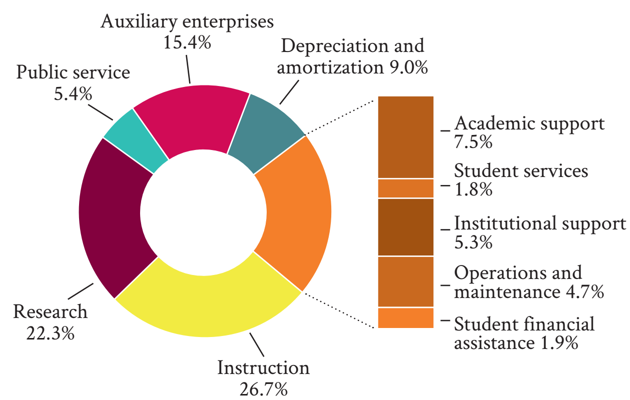
Summary of Expenses by Function

Increase (Decrease) in Expenses by Function
For the years ended June 30, 2024 and 2023
(all dollars in millions)

	2024	2023 (restated)	Change Amount	Change Percent
Instruction	$ 522.0	$ 487.5	$ 34.5	7.1 %
Research	435.6	395.6	40.0	10.1 %
Public service	105.1	101.8	3.3	3.2 %
Auxiliary enterprises	300.6	272.4	28.2	10.4 %
Depreciation and amortization	175.0	162.2	12.8	7.9 %
Subtotal	1,538.3	1,419.5	118.8	8.4 %
Support, maintenance, and other				
Academic support	147.8	130.2	17.6	13.5 %
Student services	35.1	33.0	2.1	6.4 %
Institutional support	103.4	91.0	12.4	13.6 %
Operations and maintenance	91.4	100.4	(9.0)	(9.0)%
Student financial assistance*	37.9	36.3	1.6	4.4 %
Total support, maint., and other	415.6	390.9	24.7	6.3 %
Total operating expenses	$ 1,953.9	$ 1,810.4	$ 143.5	7.9 %

Includes loan administrative fees and collection costs.

Expenses by Function
For the year ended June 30, 2024



Statement of Cash Flows

The *Statement of Cash Flows* presents detailed information about the cash activity of the university during the year. Cash flows from operating activities will always be different from the operating loss on the *Statement of Revenues, Expenses, and Changes in Net Position* (SRECNP). This difference occurs because the SRECNP is prepared on the accrual basis of accounting and includes noncash items, such as depreciation expenses, whereas the *Statement of Cash Flows* presents cash inflows and outflows without regard to accrual items. The *Statement of Cash Flows* should help readers assess the ability of an institution to generate sufficient cash flows to meet its obligations.

The statement is divided into five sections. The first section, cash flows from operating activities, deals with operating cash flows and shows net cash used by operating activities of the university. The cash flows from noncapital financing activities section reflects cash received and disbursed for purposes other than operating, investing, and capital financing. GASB requires general appropriations from the commonwealth and noncapital gifts be shown as cash flows from noncapital financing activities. Cash flows from capital and related financing activities presents cash used for the acquisition and construction of capital and related items. Plant funds and related long-term debt activities (except depreciation and amortization) are included in cash flows from capital financing activities. Cash flows from investing activities reflect the cash flows generated from investments which include purchases, proceeds, and interest. The last section reconciles the operating income or loss reflected on the *Statement of Revenues, Expenses, and Changes in Net Position* for fiscal year 2024 to net cash used by operating activities.

Net cash used by operating activities was $280.5 million, a $20.4 million increase from the prior year. Total cash inflows from operating activities increased by $170.8 million with the largest inflow increases from grants and contracts ($79.3 million), auxiliary enterprise charges ($39.6 million), and tuition and fees ($33.0 million). Total cash outflows grew by $191.3 million with the major increases in uses of cash being payments to employees and fringe benefits ($145.8 million) and operating expenses ($28.6 million) reflecting the rising cost of providing a high-quality education to the student body. Operating activity uses of cash significantly exceeded operating activity sources of cash due to the classification of state appropriations ($403.1 million) and gifts ($106.3 million) as noncapital financial activities.

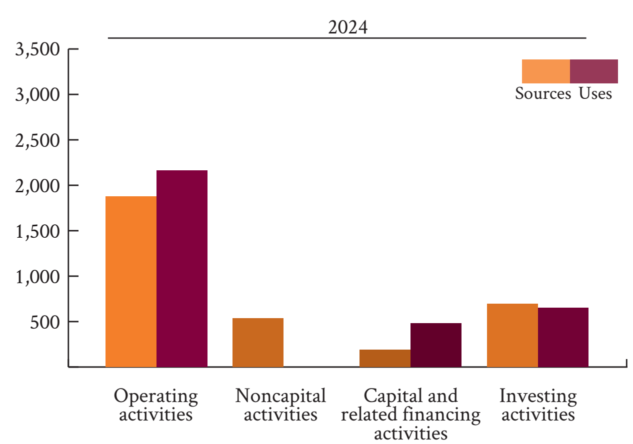
Net cash flows provided by noncapital financing activities increased by $46.6 million. This increase was due to a rise in state appropriations of $37.8 million and an increase of $13.8 million in gifts drawn from the foundation. These increases were offset by a decrease in other non-operating receipts of $6.9 million.

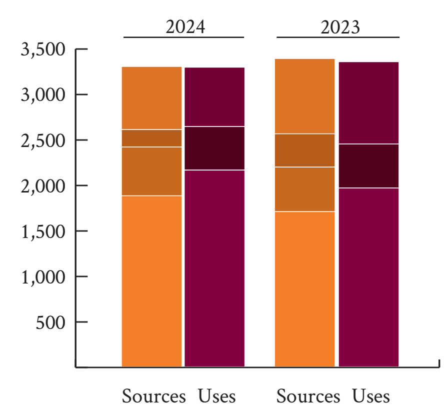
Cash used by capital financing activities increased by $171.7 million. Prior year included proceeds from the issuance of capital debt of $204.7 million while no new debt was issued in current year. Payments for principal and interest related to capital debt grew by $16.4 million. Cash used for the acquisition and construction of capital assets increased $15.9 million and gifts for capital assets decreased by $16.2 million. These uses of cash were offset by increases in capital appropriations of $27.7 million, proceeds from the sale of capital assets of $15.0 million and a decrease in payments on short-term financing of $38.8 million.

Summary of Cash Flows

Summary of Cash Flows
For the years ended June 30, 2024 and 2023
(all dollars in millions)

	2024	2023 *(restated)*	Change Amount	Change Percent
Net cash used by operating activities	$ (280.5)	$ (260.1)	$ (20.4)	(7.8)%
Net cash provided by noncapital activities	536.5	489.9	46.6	9.5 %
Net cash used by capital and related financing activities	(289.5)	(117.8)	(171.7)	(145.8)%
Net cash provided (used) by investing activities	41.7	(76.8)	118.5	154.3 %
Net increase in cash and cash equivalents	8.2	35.2	(27.0)	(76.7) %
Cash and cash equivalents - beginning of year	356.5	321.3	35.2	11.0 %
Cash and cash equivalents - end of year	$ 364.7	$ 356.5	$ 8.2	2.3 %





(The graphs above demonstrate the relationship between sources and uses of cash. The graph on the left shows activity for fiscal year 2024 only, grouped by related sources and uses of cash, while the graph on the right displays that same activity for fiscal years 2024 and 2023 in a stacked format.)

Net cash provided by investing activities increased by $118.5 million as the investment area took advantage of higher interest rates and other investment opportunities.

Economic Outlook

Virginia Tech maintains strong state and federal funding support, which enables the university to pursue its tripartite mission of discovery, learning, and engagement from a strong financial position.

As a public institution, the university is subject to many of the macroeconomic conditions that impact the nation and the Commonwealth of Virginia. The fiscal strength of the Commonwealth of Virginia translated into a significant investment of resources into Virginia Tech for fiscal year 2024, signaling the state's continued interest in supporting higher education and economic growth. With actual state revenue collections outpacing the revised revenue forecast, the commonwealth finished fiscal year 2024 with a $1.2 billion surplus. This surplus provided the commonwealth capacity to further enhance its reserves while providing funding to institutions of higher education to support the Virginia Military Survivors and Dependents Education Program.

In planning for fiscal year 2025, the university closely monitored the budget deliberations of the Virginia General Assembly. The total FY25 general fund allocation from the commonwealth is projected to be $450.7 million, an increase of $37.5 million from the FY24 adjusted budget - which supports 20 percent of the university's budget through general fund appropriations in FY25. In addition to supporting moderate tuition increases and enhancing state-funded student financial aid, the commonwealth continues to invest in health sciences with an investment of $114 million statewide to support life science research initiatives - which will enable the Virginia Tech Patient Research Center.

In parallel, the university continuously explores cost containment measures and strategies for revenue enhancement, including increased philanthropy, industry partnerships, and enrollment to meet the needs of the university and support the state's needs. The Virginia Tech Board of Visitors maintains its authority to establish tuition and fee rates, and significant national, state, and institutional emphasis continues to focus on maintaining a slow rate of tuition growth.

Demand for a Virginia Tech education continues to grow, providing a stable and growing source of revenue to support instructional activities. Tuition and fees now provide 46 percent of the total university budget. Once again, the university experienced the largest number of applications ever for the fall 2024 incoming freshman class. Demand from both talented resident and nonresident students continues to increase. The university's efforts have also diversified the applicant pool with notable increases in interest from first-generation and under-served populations. As the largest producer of STEM-H graduates in the commonwealth, Virginia Tech continues to strengthen Virginia's workforce and knowledge-driven economy.

An additional major input to the university budget is federal support. University leadership monitors federal opportunities to support university program funding, including externally sponsored research, land-grant activities, and student financial aid. Active collaborations with other universities, industry, and foundations, as well as the federal government have facilitated the sharing of expertise across disciplinary boundaries.

While significant focus is placed on sustainable revenue sources, the university also continues to employ cost containment and innovative resource enhancement strategies to successfully advance the institution and its strategic priorities. In comparison to peer institutions, benchmarking demonstrates that Virginia Tech operates an administratively lean organization, directing a larger share of overall resources towards academic activities than peers. The university will continue to employ strategic planning processes to advance its core missions of instruction, research, and public service, and manage resources to achieve strategic priorities. Current priorities include facilitating student access, affordability, and success through the Virginia Tech Advantage program and becoming a top 100 global research university through the Virginia Tech Global Distinction program.

Virginia Tech, along with all other public institutions of higher education in Virginia, continues to benefit from significant decentralized authority from the Commonwealth of Virginia. Restructuring provides flexibility and authority to the participating institutions with the potential for increased efficiencies and cost savings. The university works to leverage these authorities to drive efficiencies for cost savings and better meet the needs of the commonwealth.

The university invests its public funds in accordance with two sections of the *Code of Virginia:* the *Investment of Public Funds Act* and the *Uniform Prudent Management of Institutional Funds Act.* The university continually monitors the valuation of its investments which is overseen by the university's board of visitors. At the end of the fiscal year, the value of the university's investments held with the foundation totaled $605.8 million, an increase of $29.9 million over the preceding year.

Executive management believes that the university will maintain its solid financial foundation and is positioned to continue to advance excellence in teaching, research, and public service. Management's policies of cost containment and investing in strategic initiatives will ensure the university is prepared to manage the changing environment of higher education while continuing to advance the university's strategic plan. The financial position of the university is strong as evidenced by its diversified portfolio of research funding, ranking, strong student demand from increasingly talented students, auxiliary enterprises with high customer satisfaction, growing contributions to endowments, increased assets, and quality debt ratings from Moody's Investors Service Inc. (Aa1) and S&P Global Ratings (AA).

With its thriving and engaged community of students, faculty, and staff, Virginia Tech's future remains bright as one of the commonwealth's largest public universities.

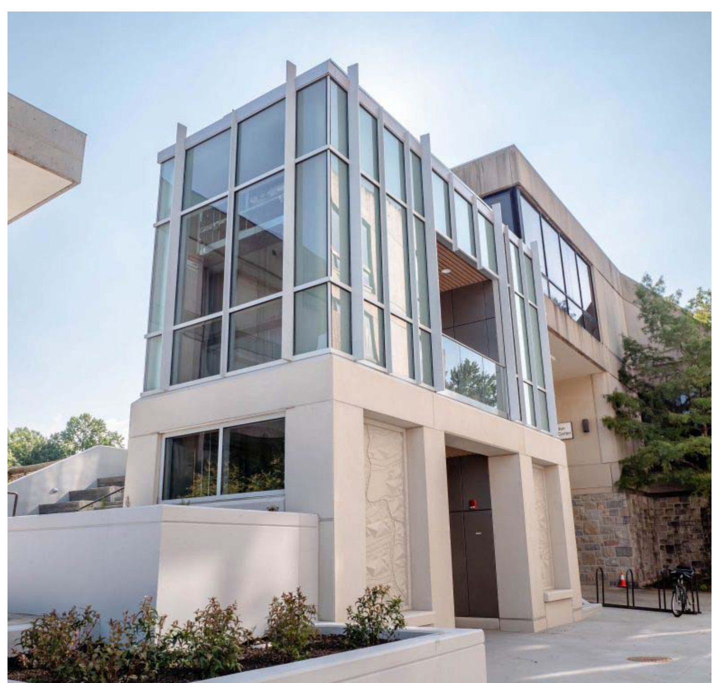


Photo by Noah Alderman/Virginia Tech

Statement of Net Position

As of June 30, 2024, with comparative financial information as of June 30, 2023
(all dollars in thousands)

	2024		2023	
	Virginia Tech	Virginia Tech Foundation	Virginia Tech *(restated)* Note 1	Virginia Tech Foundation
Assets				
Current assets				
Cash and cash equivalents (Note 4)	$ 294,542	$ 72,236	$ 236,876	$ 61,991
Short-term investments (Notes 4, 27)	-	19,409	-	11,947
Accounts and contributions receivable, net (Notes 1, 5, 27)	117,504	83,307	128,160	86,906
Notes receivable, net (Notes 1, 6)	431	406	477	364
Due from Commonwealth of Virginia (Note 10)	15,525	-	15,422	-
Inventories	18,497	159	19,865	146
Prepaid expenses	12,529	767	10,066	840
Other assets	-	10,950	-	15,140
Total current assets	459,028	187,234	410,866	177,334
Noncurrent assets				
Cash and cash equivalents (Note 4)	70,123	56,693	119,618	38,983
Short-term investments (Note 4)	315	-	2,112	-
Due from Commonwealth of Virginia (Note 10)	107,182	-	62,517	-
Accounts and contributions receivable, net (Notes 1, 5, 27)	10,521	98,689	10,196	100,418
Notes receivable, net (Notes 1, 6)	8,046	7,317	5,688	7,989
Net investments in direct financing leases (Note 27)	-	150,636	-	158,101
Irrevocable trusts held by others, net	-	5,467	-	5,060
Long-term investments (Notes 4, 27)	958,198	2,101,533	910,188	1,937,876
Depreciable capital assets, net (Notes 7, 27)	2,334,598	236,366	2,198,506	237,733
Nondepreciable capital assets (Notes 7, 27)	553,301	171,619	486,605	164,520
Intangible assets, net	-	3,459	-	3,581
Other assets	11,397	7,284	10,710	6,745
Total noncurrent assets	4,053,681	2,839,063	3,806,140	2,661,006
Total assets	4,512,709	3,026,297	4,217,006	2,838,340
Deferred outflows of resources (Note 25)	118,484	-	94,322	-
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 8)	193,468	12,437	232,184	13,386
Accrued compensated absences (Notes 1, 17)	39,655	767	39,298	682
Unearned revenue (Notes 1, 9)	56,949	5,367	56,882	18,421
Funds held in custody for others	13,991	-	8,577	-
Commercial paper (Note 11)	5,986	-	6,813	-
Long-term subscription-based IT arrangements (Note 16)	6,499	-	5,553	-
Long-term leases payable (Note 15)	20,152	-	19,488	-
Long-term debt payable (Notes 12, 13, 27)	36,670	20,143	32,254	20,089
Other postemployment benefits liabilities (Notes 17, 21)	2,607	-	3,642	-
Other liabilities	-	1,743	673	3,355
Total current liabilities	375,977	40,457	405,364	55,933
Noncurrent liabilities				
Accrued compensated absences (Notes 1, 17)	24,157	77	21,428	68
Unearned revenue	-	13,141	-	3,683
Long-term subscription-based IT arrangements (Note 16)	12,740	-	12,518	-
Long-term leases payable (Note 15)	169,685	-	182,005	-
Long-term debt payable (Notes 12, 13, 27)	535,293	255,491	575,520	266,164
Liabilities under trust agreements	-	19,409	-	20,412
Agency deposits held in trust (Note 27)	-	694,421	-	648,613
Pension liability (Notes 17, 19)	316,090	-	284,863	-
Other postemployment benefits liabilities (Notes 17, 21)	139,945	-	139,070	-
Other liabilities	5,709	7,116	4,880	6,425
Total noncurrent liabilities	1,203,619	989,655	1,220,284	945,365
Total liabilities	1,579,596	1,030,112	1,625,648	1,001,298
Deferred inflows of resources (Note 25)	79,567	-	130,625	-
Net position				
Investment in capital assets	2,112,040	293,800	1,944,325	280,419
Restricted, nonexpendable	14,684	887,009	14,249	824,869
Restricted, expendable				
Scholarships, research, instruction, and other	192,702	610,569	168,944	553,660
Capital projects	134,914	-	42,360	-
Debt service and auxiliary operations	101,481	-	97,074	-
Unrestricted	416,209	204,807	288,103	178,094
Total net position	$ 2,972,030	$ 1,996,185	$ 2,555,055	$ 1,837,042

The accompanying *Notes to Financial Statements* are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position

For the year ended June 30, 2024, with comparative financial information for the year ended June 30, 2023
(all dollars in thousands)

	2024		2023	
	Virginia Tech	Virginia Tech Foundation	Virginia Tech *(restated)* Note 1	Virginia Tech Foundation
Operating revenues				
Student tuition and fees, net (Note 1)	$ 686,428	$ -	$ 646,997	$ -
Gifts and contributions	-	97,612	-	76,668
Federal appropriations	16,628	-	14,361	-
Federal grants and contracts	319,003	-	291,062	-
State grants and contracts	33,200	-	26,784	-
Local grants and contracts (Note 3)	17,076	-	14,602	-
Nongovernmental grants and contracts	63,000	-	59,433	-
Sales and services of educational activities	33,606	-	30,737	-
Auxiliary enterprise revenue, net (Note 1)	360,257	28,768	343,380	28,146
Other operating revenues	8,685	75,659	15,954	72,228
Total operating revenues	1,537,883	202,039	1,443,310	177,042
Operating expenses				
Instruction	522,066	2,290	487,469	4,180
Research	435,588	12,283	395,611	10,094
Public service	105,132	6,161	101,779	6,173
Academic support	147,780	45,008	130,181	31,525
Student services	35,155	-	33,044	-
Institutional support	103,396	68,124	91,051	58,000
Operation and maintenance of plant	91,393	19,301	100,446	17,990
Student financial assistance	37,839	44,839	36,274	39,504
Auxiliary enterprises	300,592	17,973	272,399	17,406
Depreciation and amortization (Note 7)	174,983	12,242	162,181	11,665
Other operating expenses	-	10,311	-	15,352
Total operating expenses	1,953,924	238,532	1,810,435	211,889
Operating loss	(416,041)	(36,493)	(367,125)	(34,847)
Non-operating revenues (expenses)				
State appropriations (Note 24)	403,155	-	365,331	-
Gifts	107,435	-	92,968	-
Coronavirus relief funding	1	-	7,443	-
Non-operating grants and contracts	263	-	384	-
Federal student financial aid (Pell)	26,820	-	24,780	-
Investment income, net	88,818	21,211	60,267	28,351
Net gain (loss) on investments	-	96,371	-	71,520
Interest expense on subscription-based IT arrangements	(521)	-	(216)	-
Interest expense on long-term leases	(6,871)	-	(6,482)	-
Interest expense on debt related to capital assets	(17,969)	(8,324)	(15,527)	(8,693)
Other non-operating revenue	10,457	-	16,484	-
Net non-operating revenues (expenses)	611,588	109,258	545,432	91,178
Income before other revenues, expenses, gains, or losses	195,547	72,765	178,307	56,331
Change in valuation of split interest agreements	-	4,133	-	2,528
Capital appropriations (Note 24)	115,470	-	43,550	-
Capital grants and gifts (Note 10)	105,664	22,139	169,214	18,971
Gain on disposal of capital assets	294	7,168	154	118
Additions to permanent endowments	-	58,546	-	40,471
Other revenues (expenses)	-	(5,608)	-	3,342
Total other revenues, expenses, gains, and losses	221,428	86,378	212,918	65,430
Increase in net position	416,975	159,143	391,225	121,761
Net position—beginning of year, as restated (Note 1)	2,555,055	1,837,042	2,163,830	1,715,281
Net position—end of year	$ 2,972,030	$ 1,996,185	$ 2,555,055	$ 1,837,042

The accompanying *Notes to Financial Statements* are an integral part of this statement.

Statement of Cash Flows

For the year ended June 30, 2024, with comparative financial information as of June 30, 2023
(all dollars in thousands)

	2024	2023 *(restated)* Note 1
Cash flows from operating activities		
Tuition and fees	$ 683,642	$ 650,608
Federal appropriations	17,235	13,723
Grants and contracts	439,902	360,642
Sales and services of education departments	33,606	30,737
Auxiliary enterprise charges	367,521	327,937
Other operating receipts	9,034	15,954
Payments for operating expenses	(494,410)	(465,831)
Payments to employees and fringe benefits	(1,300,987)	(1,155,208)
Payments for scholarships and fellowships	(37,839)	(36,274)
Loans issued to students	(5,157)	(5,752)
Collection of loans to students	1,503	5,573
Direct lending receipts	169,567	158,893
Direct lending disbursements	(169,597)	(158,897)
Scholarship and other miscellaneous custodial receipts	153,901	141,039
Scholarship and other miscellaneous custodial disbursements	(148,457)	(143,215)
Net cash used by operating activities	(280,536)	(260,071)
Cash flows from noncapital financing activities		
State appropriations	403,160	365,326
Non operating grants and contracts	263	384
Federal student financial aid (Pell)	26,820	24,780
Gifts for other than capital purposes	106,261	92,469
Other non-operating receipts	1	6,939
Net cash provided by noncapital financing activities	536,505	489,898
Cash flows from capital financing activities		
Capital appropriations	42,238	14,529
Gifts for capital assets	128,693	144,863
Proceeds from issuance capital debt	-	204,665
Proceeds from the sale of capital assets	16,864	1,826
Acquisition and construction of capital assets	(387,477)	(371,539)
Proceeds (payments) short-term financing	(827)	(39,636)
Principal paid on capital-related debt	(60,763)	(49,405)
Interest paid on capital-related debt	(28,229)	(23,117)
Net cash used by capital financing activities	(289,501)	(117,814)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	660,524	803,106
Interest on investments	33,264	23,933
Purchases of investments	(652,085)	(903,876)
Net cash provided (used) by investing activities	41,703	(76,837)
Net increase (decrease) in cash and cash equivalents	8,171	35,176
Cash and cash equivalents - Beginning of year	356,494	321,318
Cash and cash equivalents - End of year	$ 364,665	$ 356,494

The accompanying *Notes to Financial Statements* are an integral part of this statement.

Statement of Cash Flows, continued

For the year ended June 30, 2024, with comparative financial information as of June 30, 2023
(all dollars in thousands)

	2024	2023 *(restated)* Note 1
Reconciliation of net operating expenses to net cash used by operating activities		
Operating loss	$ (416,041)	$ (367,125)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation expense	174,983	162,181
Changes in assets, deferred outflows, liabilities, and deferred inflows		
Receivables, net	11,983	(38,868)
Inventories	1,368	(2,239)
Prepaid and other assets	(2,591)	13,503
Other postemployment benefits asset	(559)	2,134
Notes receivable, net	(2,312)	4,718
Deferred outflow for VRS pension	(26,854)	13,383
Deferred outflow for other postemployment benefits	1,701	346
Accounts payable and other liabilities	(5,393)	(694)
Accrued payroll	(11,438)	27,404
Compensated absences	3,086	6,941
Unearned revenue	67	(5,337)
Pension liability	38,468	69,162
Other postemployment benefits liability	(160)	(7,249)
Federal loan contributions refundable	(1,342)	(4,897)
Deferred inflow for VRS pension	(31,472)	(109,998)
Deferred inflow for other postemployment benefits	(20,451)	(21,751)
Deferred inflow for long-term leases	1,007	491
Scholarship and other miscellaneous custodial accounts, net	5,414	(2,176)
Total adjustments	135,505	107,054
Net cash used by operating activities	$ (280,536)	$ (260,071)
Noncash investing, capital, and financing activities		
Change in accounts receivable related to non-operating income	$ (1,618)	$ (9,111)
Capital assets acquired through in-kind donations as a component of capital gifts and grants income	$ 5,854	$ 542
Change in fair value of investments recognized as a component of investment income	$ 27,358	$ 30,466
Change in value of interest payable affecting interest paid	$ (493)	$ 1,854
Capital assets acquired through the assumption of a liability (long-term leases and SBITAs)	$ 18,133	$ 124,918
Change in interest receivable affecting interest income	$ 902	$ 2,666
Loss on disposal of capital assets	$ (12,081)	$ (1,473)
Amortization of bond premium/discount and gain/loss on debt refunding	$ (2,375)	$ (2,610)
Retainage payable	$ 18,261	$ 16,864
Change in pension and OPEB liability recognized as a component of non-operating revenue	$ 7,241	$ 15,354

The accompanying *Notes to Financial Statements* are an integral part of this statement.

Photo by Christina Franusich/Virginia Tech

Notes to Financial Statements

Contents

1. Summary of Significant Accounting Policies

Reporting Entity

Virginia Polytechnic Institute and State University is a public land-grant university serving the Commonwealth of Virginia, the nation, and the world community. The discovery and dissemination of new knowledge are central to its mission. Through its focus on teaching and learning, research and discovery, and outreach and engagement, the university creates, conveys, and applies knowledge to expand personal growth and opportunity, advance social and community development, foster economic competitiveness, and improve the quality of life.

The university includes all funds and entities over which the university exercises or can exercise oversight authority for financial reporting purposes.

Under Section 2100 of the GASB codification, Virginia Tech Foundation Inc. (VTF or the foundation) is included as a component unit of the university.

A separate report is prepared for the Commonwealth of Virginia that includes all agencies, boards, commissions, and authorities over which the commonwealth exercises or can exercise oversight authority. The university is a component unit of the Commonwealth of Virginia and is included in the basic financial statements of the commonwealth.

Virginia Tech Foundation Inc.

The foundation is a legally separate, tax-exempt organization established in 1948 to receive, manage, and disburse private gifts in support of Virginia Tech programs. A twenty- to thirty-five-member board of directors and four ex-officio positions govern the foundation. The rector of the Virginia Tech Board of Visitors, the president of the university, the president of the alumni association, and the president of the athletic fund serve as ex-officio members. Three additional positions from the university have been elected to the board: the executive vice president and chief operating officer; the senior vice president for Advancement; and the vice president for Campus Planning, Infrastructure, and Facilities. Officers are elected by a vote of the membership of the foundation.

The foundation serves the university by generating significant funding from private sources and proactively managing its assets to provide funding that supplements state appropriations. It supplies additional operating support to colleges and departments, helps fund major building projects, and provides seed capital for new university initiatives. Although the university does not control the timing or amount of receipts from the foundation, the majority of resources or income that the foundation holds and invests is restricted by the donors to activities of the university. Because these restricted resources held by the foundation can only be used by or for the benefit of the university, the foundation is considered a component unit of the university. It is discretely presented in the financial statements. The administrative offices of Virginia Tech Foundation Inc. are located at University Gateway Center, 902 Prices Fork Road, Blacksburg, Virginia 24061.

During this fiscal year, the foundation distributed $127,127,000 to the university for both restricted and unrestricted purposes.

Financial Statement Presentation

GASB Statement 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities,* issued November 1999, establishes accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.* The standards are designed to provide financial information that responds to the needs of three groups of primary users of general-purpose external financial reports: the citizenry, legislative and oversight bodies, and investors and creditors. The university is required under this guidance to include *Management's Discussion and Analysis*, and basic financial statements, including notes, in its financial statement presentation.

Basis of Accounting

For financial reporting purposes, the university is considered a special-purpose government entity engaged only in business-type activities. Accordingly, the university's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash Equivalents

For purposes of the statements of net position and cash flows, the university considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

Short-term Investments

Short-term investments include securities with an original maturity over 90 days but less than or equal to one year at the time of purchase.

Investments

GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as modified by GASB Statement 59, and GASB Statement 72, *Fair Value Measurement and Application*, require that purchased investments, interest-bearing temporary investments classified with cash, and investments received as gifts be recorded at fair value (see Note 4). Changes in unrealized gain or loss on the carrying value of the investments are reported as a part of investment income in the *Statement of Revenues, Expenses, and Changes in Net Position*.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from federal, state, and local governments, as well as nongovernmental sources, in connection with reimbursement of allowable expenses made according to the university's grants and contracts. Accounts receivable are recorded net of allowance for doubtful accounts. Accounts receivable include amounts owed from lessees for the present service capacity of university assets. Lease receivables are recognized when the net present value of future minimum lease payments is $50,000 or greater. See Note 5 for a detailed list of accounts receivable amounts by major categories.

Notes Receivable

Notes receivable consist of amounts due from the Health Professional Student Loan Program, other student loans, and loans to affiliated organizations. See Note 6 for a list of notes receivable amounts by major categories.

Inventories

Inventories are stated at the lower of cost or market value (primarily first-in, first-out method) and consist mainly of expendable supplies for operations of auxiliary enterprises and fuel for the physical plant.

Prepaid Expenses

Prepaid expenses are expenses for future fiscal years that were paid in advance of June 30, 2024. Payments of expenses that extend beyond fiscal year 2025 are classified as noncurrent assets. Prepaid expenses consist primarily of library serial subscriptions, information technology contracts, property leases, and insurance.

Noncurrent Cash and Investments

Noncurrent cash and investments are reported as restricted because restrictions change the nature or normal understanding of the availability of the asset. These cash and investments include those restricted for the acquisition or construction of capital assets, those kept legally separate for the payment of principal and interest as required by debt covenants, unspent debt proceeds, and other restricted investments to make debt service payments or purchase other noncurrent assets.

Capital Assets

Capital assets consisting of land, buildings, infrastructure, and equipment are stated at appraised historical cost or actual cost where determinable. Construction in progress, equipment in process, and software in development are capitalized at actual cost as expenses are incurred. Library materials are valued using published average prices for library acquisitions, and livestock is stated at estimated market value. All gifts of capital assets are recorded at acquisition value as of the date of donation.

Intangible right-to-use assets consisting of the right-to-use land, buildings, infrastructure, and equipment are stated at the net present value of future minimum lease payments at the commencement of the lease term. Intangible right-to-use assets are recognized when the net present value of future minimum lease payments is $50,000 or greater. Upfits, tenant improvements, construction, and other renovations are capitalized at actual cost as expenses are incurred.

Subscription-based Information Technology Arrangements (SBITAs) are stated at the net present value of future minimum lease payments at the commencement of the subscription term. SBITA assets are recognized when the net present value of future minimum subscription payments is $50,000 or greater. Implementation costs occurred in the initial implementation stage are capitalized at actual cost as expenses are incurred.

Equipment is capitalized when the estimated useful life is one year or more, and unit acquisition cost is $2,000 or greater or acquisition costs are significant when aggregated. Software is capitalized when the sum of the acquisition and development costs exceeds $100,000. Renovation costs are capitalized when expenses total more than $100,000, the asset value significantly increases, or the useful life is significantly extended. Routine repairs and maintenance are charged to operating expenses in the year the expense is incurred.

Depreciation is computed using the straight-line method over the useful life of the assets. The useful life is 40 to 60 years for buildings, 10 to 50 years for infrastructure and land improvements, 10 years for library books, and 3 to 30 years for fixed and movable equipment. Right-to-use lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Amortization expense is combined with depreciation expense in the *Statement of Revenues, Expenses, and Changes in Net Position*. Livestock is not depreciated, as it tends to appreciate over the university's normal holding period.

Special collections are not capitalized due to the collections being: (1) held for public exhibition, education, or research in the furtherance of public service rather than financial gain; (2) protected, kept unencumbered, cared for, and preserved; and (3) subject to university policy requiring the proceeds from the sales of collection items to be used to acquire other items for collections.

Pensions

The Virginia Retirement System (VRS) State Employees Retirement Plan and the Virginia Law Officers' Retirement System (VaLORS) Retirement Plan are single-employer pension plans that are treated like cost-sharing plans. To measure the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the VRS plan and the VaLORS plan, and the additions to/deductions from the VRS plan's and the VaLORS plan's net fiduciary position have been determined on the same basis as VRS reported them. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable according to the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

Pre-Medicare Retiree Healthcare Plan – Pre-Medicare Retiree Healthcare is a single-employer defined benefit plan that is treated like a cost-sharing plan for financial reporting purposes. This program was established by Title 2.2, Chapter 28, *Code of Virginia* for retirees who are not yet eligible to participate in Medicare. It is the same health insurance program offered to active employees and managed by the Virginia Department of Human Resources Management. After retirement, Virginia Tech no longer subsidizes the retiree's premium; however, since both active employees and retirees are included in the same pool for determining health insurance rates, retiree rates are effectively lower than what might otherwise be available outside of this benefit.

Group Life Insurance – The Virginia Retirement System (VRS) Group Life Insurance (GLI) program is a multiple-employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI program was established under §51.1-500 et seq., *Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended. The GLI program is a defined benefit plan that provides a group life insurance benefit for employees of participating employers.

State Employee Health Insurance Credit Program – The Virginia Retirement System (VRS) State Employee Health Insurance Credit (HIC) program is a single-employer plan that is presented as a multiple-employer, cost-sharing plan. The HIC program was established under §51.1-1400 et seq., *Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended. The HIC program is a defined benefit plan that provides credit toward the cost of health insurance coverage for retired state employees.

Line of Duty Act Program – The Virginia Retirement System (VRS) Line of Duty Act (LODA) program is a multiple-employer, cost-sharing plan. The LODA program was established under §9.1-400 et seq., *Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended. The LODA program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as public safety officers. In addition, health insurance benefits are provided to eligible survivors and family members.

Virginia Retirement System Disability Insurance Program – The Virginia Retirement System (VRS) Disability Insurance Program (Virginia Sickness and Disability Program, VSDP) is a single-employer plan that is presented as a multiple-employer, cost-sharing plan. The VSDP program was established under §51.1-1100 et seq., *Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended. The VSDP program is a managed care program that provides sick leave, family and personal leave, and short-term and long-term disability benefits for state police officers, state employees, and VaLORS employees.

For measuring the net liability of these OPEB programs, their expenses, deferred outflows and inflows of resources, information about their fiduciary net positions, and additions to or deductions from their net fiduciary positions have been determined on the same basis as reported by VRS. In addition, benefit payments for these programs are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Accrued Compensated Absences

Certain salaried employees' attendance and leave regulations make provisions for the granting of a specified number of days of leave with pay each year. The amount reflects all unused vacation leave and sabbatical leave, as well as the amount payable upon termination under the Commonwealth of Virginia's sick leave payout policy. The applicable share of employer-related taxes payable on the eventual termination payments is also included. The university's liability and expense for the amount of leave earned by employees, but not taken, as of June 30, 2024 is recorded in the *Statement of Net Position* and is included in the various functional categories of operating expenses in the *Statement of Revenues, Expenses, and Changes in Net Position*.

Unearned Revenues

Unearned revenue represents revenue collected but not earned as of June 30, 2024, primarily composed of revenue for grants and contracts, prepaid athletic ticket sales, and prepaid student tuition and fees. Summer Session I tuition and fees received during the fiscal year are considered earned at the end of the refund period, approximately June 15th of each year. Tuition and fees received before year-end for Summer Session II are unearned and recognized as revenue in the next fiscal year. Summer Session III is twelve weeks long and spans across fiscal years 2024 and 2025. The tuition and fees received for Summer Session III are considered half earned by June 30th, and half unearned and recognized as revenue in the next fiscal year. See Note 9 for a detailed list of unearned revenue amounts.

Funds Held in Custody for Others

Funds held in custody for others represent funds held by the university on behalf of others as a result of agency relationships with various groups and organizations.

Noncurrent Liabilities

Noncurrent liabilities include: (1) the principal amounts of revenue bonds payable, notes payable, and finance purchase obligations with maturities greater than one year; (2) long-term lease obligations; (3) pension plan liabilities; (4) SBITA obligations; (5) OPEB liabilities; and (6) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

Net Position

The university's net position is classified as follows:

Net investment in capital assets – Net investment in capital assets represents the university's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted component of net position, expendable – The expendable category of the restricted component of net position includes resources for which the university is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted component of net position, nonexpendable – The nonexpendable category of the restricted component of net position is comprised of endowment and similar type funds where donors or other external sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested to produce present and future income to be expended or added to principal.

Unrestricted component of net position – Unrestricted net position represents resources derived from student tuition and fees, state appropriations, recoveries of facilities and administrative (indirect) costs, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to educational departments and general operations of the university and may be used at the discretion of the university's board of visitors to meet current expenses for any lawful purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the university's policy is to apply the expense towards restricted resources before unrestricted resources.

Income Taxes

The university is considered an agency of the Commonwealth of Virginia and, as such, is exempt from federal income tax under Section 115(a) of the Internal Revenue Code.

Classifications of Revenues and Expenses

The university has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowance; (2) sales and services of auxiliary enterprises, net of scholarship allowance; (3) most federal, state, local and nongovernmental grants and contracts and federal appropriations; and (4) interest on institutional student loans.

Non-operating revenues – Non-operating revenues are revenues received for which goods and services are not provided. State appropriations, gifts, and other revenue sources that are defined as non-operating revenues by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* are included in this category.

Operating and non-operating expenses – Non-operating expenses include interest on debt related to the purchase of capital assets and losses on disposal of capital assets. All other expenses are classified as operating expenses.

Scholarship Allowance

Student tuition and fees, certain auxiliary revenues, and student financial assistance expenses are reported net of scholarship allowance in the *Statement of Revenues, Expenses, and Changes in Net Position*. Scholarship allowance is the difference between the stated charge for goods and services provided by the university and the amount paid by students and third parties making payments on the students' behalf. For the fiscal year ending June 30, 2024, the scholarship allowance for student tuition and fee revenue and auxiliary enterprise revenue totaled $176,096,000 and $39,767,000, respectively. Scholarship allowance to students is reported using the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). The alternative method is an algorithm that computes scholarship allowance on a university-wide basis rather than on an individual student basis.

Implementation of GASB Statement 99

In April 2022, GASB issued Statement 99 *Omnibus 2022*. The requirements in paragraphs 4–10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are applicable to the university and are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The university adopted GASB Statement 99 in fiscal year 2024 with an implementation date of July 1, 2023. There was no impact on the financial statements.

Implementation of GASB Statement 100

In June 2022, GASB issued Statement 100 *Accounting Changes and Error Corrections*. This statement requires comprehensive disclosures regarding accounting changes and error corrections to include the following: nature and reason for accounting change or error correction; quantitative impact on the financial statements; for errors, a description of the error and how it was discovered and corrective actions taken; cumulative effect on opening balance of net position in a tabular format. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The university adopted GASB Statement 100 in fiscal year 2024 with an implementation date of July 1, 2023 identifying material error corrections related to leases and SBITAs for which the prior period has been restated.

Implementation of GASB *Implementation Guide 2021-1 Question 5.1*

In May 2021, GASB issued *Implementation Guide 2021-1 Question 5.1* effective for reporting periods beginning after June 15, 2023. The provisions of this implementation guide indicate that an institution should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. The guidance is to be applied retroactively and requires a restatement of the beginning net position. The university adopted *Implementation Guide 2021-1 Question 5.1* in fiscal year 2024 with an implementation date of July 1, 2023. The fiscal year ending June 30, 2023 has been restated.

Below is a table disclosing the restatements due to error corrections and the pooled assets implementation *(all dollars in thousands)*:

	Beginning Balances Original	Error Corrections: Lease Corrections	Error Corrections: SBITA Corrections	Pooled Assets Implementation	Beginning Balances Restated
Depreciable capital assets, net	$ 2,150,406	$ (4,172)	$ 187	$ 52,085	$ 2,198,506
Nondepreciable capital assets	$ 486,171	$ -	$ -	$ 434	$ 486,605
Accounts payable and accrued liabilities	$ 232,199	$ (16)	$ 1	$ -	$ 232,184
Long-term subscription-based IT arrangements, current	$ 5,410	$ -	$ 143	$ -	$ 5,553
Long-term leases payable, current	$ 19,821	$ (333)	$ -	$ -	$ 19,488
Long-term subscription-based IT arrangements	$ 12,798	$ -	$ (280)	$ -	$ 12,518
Long-term leases payable	$ 186,130	$ (4,125)	$ -	$ -	$ 182,005
Investment in capital assets	$ 1,891,196	$ 286	$ 324	$ 52,519	$ 1,944,325
Restricted scholarships, research, instruction, and other	$ 168,946	$ (2)	$ -	$ -	$ 168,944
Unrestricted net position	$ 288,086	$ 18	$ (1)	$ -	$ 288,103

The change in leases was primarily caused by a reduction of liability owed to the foundation based on corrected debt recovery schedules on the North End Center building and garage. The SBITA changes were due to various corrections related to prior period subscriptions. The procedures for capturing and identifying SBITAs have been expanded to mitigate these changes.

Comparative Data

The university presents its financial information on a comparative basis. The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, the prior-year information should be read in conjunction with the university's financial statements for the year ended June 30, 2023, from which the summarized information was derived. Prior reports can be found at www.controller.vt.edu/financialreporting.html.

2. Related Parties

In addition to the component unit discussed in Note 1, Virginia Tech also has related parties that were not considered significant. These financial statements do not include the assets, liabilities, and net position of the related parties that support university programs. The related parties of the university are: Virginia Tech Services Inc., Virginia Tech Alumni Association, Virginia Tech Athletic Fund Inc., Virginia Tech Intellectual Properties Inc., Virginia Tech Corps of Cadets Alumni Inc., Virginia Tech Applied Research Corporation, Virginia Tech Innovations Corporation, Virginia Tech India Research and Education Forum, and any of the subsidiaries of these corporations.

The organizations are related to the university by affiliation agreements. These agreements require an annual audit to be performed by independent auditors. Affiliated organizations that hold no financial assets and certify all financial activities or transactions through the Virginia Tech Foundation Inc. may be exempt from the independent audit requirement. Exemption requirements are met by Virginia Tech Alumni Association, Virginia Tech Athletic Fund Inc., and Virginia Tech Corp of Cadets Alumni Inc. They are therefore not required to have an annual audit. Virginia Tech Services Inc., Virginia Tech Intellectual Properties Inc., Virginia Tech Applied Research Corporation, Virginia Tech Innovations Corporation, and Virginia Tech India Research and Education Forum are required to have an annual audit. Auditors have examined the financial records of these organizations and a copy of their audit reports have been or will be provided to the university.

3. Local Government Support

The university, through the operation of its Cooperative Extension Service, maintains offices in numerous cities and counties throughout the Commonwealth of Virginia. Personnel assigned to these locations receive a portion of their compensation from local governments. Also included in the expenses of these extension offices are unit support services, which include such items as rent, telephone, supplies, equipment, and extension program expenses. The estimated amount contributed by the various local governments totaled $14,054,000 in 2024, and has been included in revenues and expenses of the accompanying financial statements. The university received other local government support of $3,022,000 in 2024.

4. Cash, Cash Equivalents, and Investments

The following information is provided with respect to the university's cash, cash equivalents, and investments as of June 30, 2024. The following risk disclosures are required by GASB Statement 40, *Deposit and Investment Risk Disclosures:*

Custodial credit risk (category 3 deposits and investments) – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The university had no category 3 deposits or investments for 2024.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. GASB Statement 40 requires the disclosure of the credit quality rating on any investments subject to credit risk.

Concentration of credit risk – The risk of loss attributed to the magnitude of a government's investment in a single issuer is referred to as concentration of credit risk. GASB Statement 40 requires disclosure of any issuer with which more than five percent of total investments are held. More than five percent of the university's investments are in the Federal Home Loan Banks (FHLB). These comprise 6% of the university's total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

Additionally, the university's investment policy requires that each individual portfolio within all three tiers' allocations be diversified as specified in the contracts with each investment manager. The limitation shall not apply to securities of the U.S. Government, an agency thereof, U.S. Government sponsored enterprises, securities fully insured or fully guaranteed by the U.S. Government, or money market funds.

Interest rate risk – This is the risk that interest rate changes will adversely affect the fair value of an investment. GASB Statement 40 requires disclosure of maturities for any investments subject to interest rate risk. The university's Policy Governing the Investment of University Funds establishes three investment categories, Educational and General Funds and Working Capital, managed by external investment firms, and Strategic Investments managed by the foundation. Education and General Funds are short-duration and the university's primary liquidity and Working Capital is longer-duration and secondary liquidity. Strategic Investments are long-duration investments and not considered operating liquidity. The maximum maturity and duration limits are specified in the terms and conditions of the contract with each investment manager.

Foreign currency risk – This risk refers to the possibility that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The university had no foreign investments or deposits for 2024.

Cash and Cash Equivalents

Cash deposits held by the university are maintained in accounts that are collateralized in accordance with the *Virginia Security for Public Deposits Act*, Section 2.2-4400, et seq., *Code of Virginia*. Cash and cash equivalents represent cash with the treasurer, cash on hand, certificates of deposit, and temporary investments with original maturities of 90 days or less, and cash equivalents with the Virginia State Non-Arbitrage Program (SNAP®). SNAP® offers a professionally-managed money market mutual fund, which provides a temporary pooled investment vehicle for proceeds pending expenditure, as well as record keeping, depository, and arbitrage rebate calculations. SNAP® complies with all standards of GASB Statement 79, *Certain External Investment Pools and Pool Participants.* SNAP® investments are reported using the net asset value per share, which is calculated on an amortized cost basis that provides a net asset value (NAV) per share that approximates fair value. Cash and cash equivalents reporting requirements are defined by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting.*

Investments

A categorization of university investments follows. Short-term investments have an original maturity of over 90 days but less than or equal to one year. Long-term investments have an original maturity greater than one year.

Summary of investments
As of June 30, 2024
(all dollars in thousands)

	Current Assets	Noncurrent Assets	Total
Cash and cash equivalents	$ 294,542	$ 70,123	$ 364,665
Short-term investments	-	315	315
Long-term investments	-	958,199	958,199
Cash and investments	$ 294,542	$ 1,028,637	1,323,179
Less cash			16,482
Total investments			$ 1,306,697

The investment policy of the university is established by the board of visitors and monitored by the board's Finance and Resource Management Committee. Authorized investments are set forth in the *Investment of Public Funds Act*, Section 2.2-4500 through 2.2-4516, et seq., *Code of Virginia*. Authorized investments include: U.S. Treasury and agency securities, corporate debt securities, asset-backed securities, mortgage-backed securities, AAA rated obligations of foreign governments, banker's acceptances and bank notes, negotiable certificates of deposit, repurchase agreements, commercial paper, and money market funds.

All gifts, local funds, and nongeneral fund reserves and balances that the university determines appropriate and permitted by law may be invested in accordance with the provisions of the *Virginia Uniform Prudent Management of Institutional Funds Act*. These investments include those in the VTF Consolidated Endowment Program which are further managed by the foundation's investment and spending policies.

At the end of fiscal year 2024, the university held $14.7 million of nonexpendable restricted endowments which had net appreciation of $129,000 and is reported on the *Statement of Net Position* in the following categories: Restricted expendable for research ($121,000), Restricted expendable for instruction ($5,000), and Unrestricted ($3,000).

Investments Measured at Fair Value including categorization of credit quality and interest rate risk
Investments held on June 30, 2024
(all dollars in thousands)

	Credit Rating	Less than 1 Year	1-5 Years	6/30/2024	Fair Value Measurement* Level 1	Fair Value Measurement* Level 2
Investments by fair value level						
U.S. Treasury and Agency securities [1]	N/A	$ 226,855	$ 37,632	$ 264,487	$ 264,487	$ -
Debt securities						
Corporate bonds and notes	A1	20,241	15,540	35,781	-	35,781
Corporate bonds and notes	A2	13,277	12,164	25,441	-	25,441
Corporate bonds and notes	A3	5,350	22,536	27,886	-	27,886
Corporate bonds and notes	Aa2	3,160	-	3,160	-	3,160
Corporate bonds and notes	Aa3	-	1,499	1,499	-	1,499
Corporate bonds and notes	Aaa	-	4,252	4,252	-	4,252
Corporate bonds and notes	Baa1	-	595	595	-	595
Repurchase agreements	N/A	13,582	-	13,582	-	13,582
Asset backed securities	Aaa	22,997	37,129	60,126	-	60,126
Asset backed securities [2]	AAA	14,461	33,473	47,934	-	47,934
Asset backed securities	NR	3,203	-	3,203	-	3,203
Federal agency securities						
Unsecured bonds and notes	Aaa	90,223	25,456	115,679	-	115,679
Mortgage backed securities	Aaa	1,939	20,177	22,116	-	22,116
Money market and mutual funds						
Money market funds	N/A	168	-	168	168	-
Mutual funds	N/A	5,040	-	5,040	5,040	-
Total investments by fair value level		420,496	210,453	630,949	$ 269,695	$ 361,254
Investments measured at net asset value (NAV)						
Deposits with VTF		5,607	-	5,607		
Dairymen's Equity w/o specific maturity		-	-	63		
Investments w/o specific maturities, held with VTF		-	-	605,834		
Total investments measured at NAV		5,607	-	611,504		
Investments not measured at fair value						
Money market funds	AAA-mf	52,088	-	52,088		
Virginia SNAP® funds [2]	AAAm	12,156	-	12,156		
Total investments not measured at fair value		64,244	-	64,244		
Total investments		$ 490,347	$ 210,453	$ 1,306,697		

**Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.*

(1) Credit quality ratings are not required for U.S. Government securities that are explicitly guaranteed by the U.S. Government.
(2) Rating provided by Standard & Poor's Financial Services. All other ratings provided by Moody's Investor Service.

Investments measured at NAV are as follows:	Balance at 6/30/2024	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Deposits with VTF [a]	$ 5,607	N/A	quarterly	90 days
Dairymen's Equity without specific maturity [b]	$ 63	N/A	N/A	N/A
Investments without specific maturities, held with VTF [c]	$ 605,834	N/A	quarterly	90 days

(a) The amount represents earnings that are to be transferred to the university or reinvested upon instruction.
(b) The amount represents the university's membership in the Dairymen's Farmer Cooperative.
(c) The amount represents university funds invested with the Virginia Tech Foundation (see Note 27).

5. Accounts Receivable

Accounts receivable as of June 30, 2024
(all dollars in thousands)

Current receivables		
Grants and contracts	$	81,941
Student tuition and fees		5,591
Accrued investment interest		3,944
Federal appropriations		31
Long-term leases receivable		111
Auxiliary enterprises and other operating activities		28,782
Total current receivables before allowance		120,400
Less allowance for doubtful accounts		2,896
Net current accounts receivable		117,504
Noncurrent receivables		
Capital gifts, grants, and other receivables		7,707
Long-term leases receivable		1,989
Accrued investment interest		717
Build America Bond interest receivable		108
Total noncurrent receivables		10,521
Total receivables	$	128,025

Long-term leases receivable

Leases receivable represent the university's contractual receipts for the right-to-use the present service capacity of its assets. These receivables are for cell tower leases on the Blacksburg main campus. The university's lease agreements for cell towers typically have an initial term of 10 years with five-year renewal options. The weighted average discount rate on the university's receivable leases is 3.60%.

The university leases indirectly to cell carriers through a ground lease with a subsidiary of the foundation and directly with cell carriers. The university's present receivable portfolio does not contain provisions for variable payments based on the university's future performance or usage of the underlying assets. Additionally, university's present receivable portfolio does not contain provisions for residual value guarantees. The university had no impairment losses on its lease receivable portfolio in fiscal year 2024.

Future Lease Payments Receivable
For fiscal years subsequent to 2024
(all dollars in thousands)

	Principal	Interest	Total
2025	$ 111	$ 73	$ 184
2026	118	69	187
2027	127	65	192
2028	135	61	196
2029	116	57	173
2030-2034	607	225	832
2035-2039	367	129	496
2039-2044	245	80	325
2045-2049	274	25	299
Total future payments receivable	$ 2,100	$ 784	$ 2,884

6. Notes Receivable

Notes receivable consists of the following as of June 30, 2024
(all dollars in thousands)

Current notes receivable		
VTT LLC operating and equipment loan	$	246
Brookings student loan programs		138
Other short-term loans		67
Total current notes receivable		451
Less allowance for doubtful accounts		20
Net current notes receivable		431
Noncurrent notes receivable		
VTT LLC operating and equipment loan		4,106
VT ARC line of credit		2,376
Brookings student loan programs		849
Health Professional student loan program		628
Other short-term loans		214
Total noncurrent notes receivable		8,173
Less allowance for doubtful accounts		127
Net noncurrent notes receivable		8,046
Total notes receivable	$	8,477

Photo by Luke Hayes/Virginia Tech

7. Capital Assets

A summary of changes in capital assets for the year ending June 30, 2024
(all dollars in thousands)

	Beginning Balance *(restated)* Note 1	Additions	Retirements	Ending Balance
Depreciable capital assets				
Buildings	$ 2,439,326	$ 189,491	$ 26,916	$ 2,601,901
Buildings - financed purchase	13,952	-	-	13,952
Moveable equipment	812,246	98,884	39,438	871,692
Capitalized software and other intangible assets	40,078	3,246	3,925	39,399
Fixed equipment	179,207	10,335	1,559	187,983
Fixed equipment - financed purchase	659	-	-	659
Infrastructure	146,556	5,702	-	152,258
Library books	79,305	646	76	79,875
Right-to-use intangible assets				
Land	4,442	-	-	4,442
Buildings	260,404	10,242	1,017	269,629
Equipment	2,218	-	2,145	73
Infrastructure	181	-	-	181
Subscription-based IT arrangements	29,472	9,448	863	38,057
Total depreciable capital assets, at cost	4,008,046	327,994	75,939	4,260,101
Less accumulated depreciation and amortization				
Buildings	851,780	62,675	12,986	901,469
Buildings - financed purchase	5,232	581	-	5,813
Moveable equipment	566,616	63,669	37,226	593,059
Capitalized software and other intangible assets	32,975	3,370	3,826	32,519
Fixed equipment	107,139	7,613	995	113,757
Fixed equipment - financed purchase	247	-	-	247
Infrastructure	112,992	3,235	-	116,227
Library books	74,689	816	76	75,429
Right-to-use intangible assets				
Land	613	236	-	849
Buildings	46,049	23,587	903	68,733
Equipment	1,615	560	2,145	30
Infrastructure	92	31	-	123
Subscription-based IT arrangements	9,501	8,610	863	17,248
Total accumulated depreciation and amortization	1,809,540	174,983	59,020	1,925,503
Total depreciable capital assets, net of accumulated depreciation and amortization	2,198,506	153,011	16,919	2,334,598
Non-depreciable capital assets				
Land	49,652	540	1,920	48,272
Livestock	392	140	-	532
Equipment in process	17,452	13,224	16,743	13,933
Construction in progress	419,109	264,454	193,078	490,485
Lease renovation in progress	-	28	-	28
Subscription-based IT arrangements in development	-	51	-	51
Total non-depreciable capital assets	486,605	278,437	211,741	553,301
Total capital assets, net of accumulated deprecation and amortization	$ 2,685,111	$ 431,448	$ 228,660	$ 2,887,899

8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2024
(all dollars in thousands)

Accounts payable	$ 45,437
Accounts payable, capital projects	29,900
Accrued salaries and wages payable	99,870
Retainage payable	18,261
Total current accounts payable and accrued liabilities	$ 193,468

Retainage payable represents funds held by the university as retainage on various construction contracts for work performed. Funds retained will be remitted as agreed upon satisfactory completion of the projects.

9. Unearned Revenue

Unearned revenue consists of the following at June 30, 2024
(all dollars in thousands)

Grants and contracts	$ 24,485
Prepaid tuition and fees	11,603
Prepaid athletic events	14,769
Other, primarily auxiliary enterprises	6,092
Total unearned revenue	$ 56,949

10. Commonwealth Capital Reimbursement Programs and Capital Gifts

The commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition and replacement of instructional and research equipment and facilities. During fiscal year 2024, funding has been provided to the university from three programs (21st Century program, Central Maintenance Reserve program, and the Equipment Trust Fund program) managed by the Virginia College Building Authority (VCBA). The VCBA issues bonds and uses the proceeds to reimburse the university and other institutions of higher education for expenses incurred in the acquisition of equipment and facilities. The university also receives capital funding for equipment and facilities from private gifts, grants, and contracts.

The *Statement of Revenues, Expenses, and Changes in Net Position* includes the amounts listed below for the year ended June 30, 2024, in "Capital Grants and Gifts" line item for equipment and facilities. Part of the funding for these programs is a receivable from the commonwealth at June 30, 2024 as shown in the subsequent paragraph *(all dollars in thousands)*:

VCBA 21st Century program	$ 74,760
VCBA Equipment Trust Fund program	15,680
Private gifts	12,072
Grants and contracts	3,152
	$ 105,664

The line items, "Due from the Commonwealth of Virginia", on the *Statement of Net Position* for the year ended June 30, 2024, include pending reimbursements from the following programs *(all dollars in thousands)*:

	Current	Noncurrent
VCBA Equipment Trust Fund program	$ 15,525	$ -
Capital appropriations	-	104,677
VCBA 21st Century program	-	2,505
	$ 15,525	$ 107,182

11. Short-term Debt

In August of 2021, the Virginia Tech Board of Visitors authorized the university to issue its own commercial paper on a tax-exempt or taxable basis in an aggregate principal amount of up to $175 million. J.P. Morgan is the university's dealer and BNY Investments is the issuing and paying agent. This short-term debt finances capital projects on an interim basis pending long-term bond financing.

At June 30, 2024, the amount outstanding was $5,986,000. The days-to-maturity is nine days with an interest rate of 5.48%.

	Beginning Balance	Additions	Reductions	Ending Balance
Taxable	$ 6,813	$ 72,319	$ 73,146	$ 5,986

12. Summary of Long-term Indebtedness

Bonds Payable

The university has issued two categories of bonds pursuant to Article X, Section 9, Constitution of Virginia.

Section 9(d) bonds are revenue bonds which are limited obligations of the university, payable exclusively from pledged general revenues, and which are not legal or moral debts of the Commonwealth of Virginia. Pledged general revenues include general fund appropriations, student tuition and fees, facilities and administrative (indirect) cost recoveries, auxiliary enterprise revenues, and other revenues not required by law to be used for another purpose. The university has issued section 9(d) bonds directly through underwriters and also participates in the Public Higher Education Financing Program (Pooled Bond Program) created by the Virginia General Assembly in 1996. Through the Pooled Bond Program, the Virginia College Building Authority (VCBA) issues section 9(d) bonds with the proceeds used to purchase debt obligations (notes) of the university and other institutions of higher education. The notes are secured by pledged general revenues of the university.

Section 9(c) bonds are general obligation revenue bonds issued by the Commonwealth of Virginia on behalf of the university and secured by the net revenues of the completed project and the full faith, credit, and taxing power of the Commonwealth of Virginia.

Bond covenants related to some of these bonds, both 9(c) and 9(d), require the use of established groups of funds called systems. The Virginia Tech Foundation Inc. and investment firms BNY Investments and Merganser Capital Management hold these funds in trust for managing the net revenues and debt service of certain university auxiliaries. The revenue bonds issued by the Dormitory and Dining Hall System, the Athletic Facilities System, the University Services System (includes Career and Professional Development, Center for the Arts, Health Services, Recreational Sports, Student Engagement and Campus Life, Cultural and Community Centers, Student Organizations, and the VT Rescue Squad), and the Utility System (includes Virginia Tech Electric Service) are secured by a pledge of each system's net revenues generated from student or customer fees, and are further secured by the pledged general revenues of the university.

Notes Payable

Notes payable are debt obligations between VCBA and the university. VCBA issues bonds through the Pooled Bond Program and uses the proceeds to purchase debt obligations (notes) on behalf of the university. The notes are secured by the pledged general revenues of the university.

Finance Purchase Obligation

The university has a finance purchase obligation with the Virginia Tech Foundation Inc. for the Kentland Farm dairy complex. Under the terms of the lease agreement, ownership of the property will be transferred to the university at the end of the lease. The university accounted for the financed purchases as additions to capital assets in the year of the agreement and recorded a corresponding finance purchase obligation in long-term debt, both of which are included in the *Statement of Net Position* as of June 30, 2024.

Revolving Lines of Credit

The university has executed revolving lines of credit with Truist Bank ($308,000,000), Wells Fargo Bank N.A. ($35,000,000), and The First Bank and Trust Company ($30,000,000). The agreement with Truist Bank includes a standby liquidity support agreement to provide a revolving line of credit as liquidity to support the university's commercial paper program with a maximum principal amount of $175,000,000. As of June 30, 2024, the maximum principal amount available was $373,000,000 and there were no advances outstanding on these revolving lines of credit.

Long-term Debt Payable Activity
As of June 30, 2024
(all dollars in thousands)

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Bonds payable					
Section 9(c) general obligation revenue bonds	$ 262,391	$ 4,436	$ 20,638	$ 246,189	$ 15,695
Section 9(d) revenue bonds	79,001	-	4,658	74,343	4,870
Notes payable	255,822	-	14,436	241,386	15,575
Finance purchase obligations	10,560	-	515	10,045	530
Total long-term debt payable	$ 607,774	4,436	40,247	$ 571,963	$ 36,670
Less current year debt defeasance		4,436	4,841		
Total additions and retirements, net of current year defeasance		$ -	$ 35,406		

Future Principal Commitments
For fiscal years subsequent to 2024
(all dollars in thousands)

	Section 9(c) Bonds	Section 9(d) Bonds	Notes Payable	Finance Purchase Obligations	Total Long-term Debt Payable
2025	$ 15,695	$ 4,870	$ 15,575	$ 530	$ 36,670
2026	16,897	4,745	15,805	560	38,007
2027	17,581	4,910	15,495	585	38,571
2028	16,791	5,055	14,865	605	37,316
2029	15,840	5,170	15,200	640	36,850
2030 - 2034	56,845	28,130	63,755	3,630	152,360
2035 - 2039	51,515	14,915	41,865	3,495	111,790
2040 - 2044	26,275	4,540	22,445	-	53,260
2045 - 2049	7,340	-	15,950	-	23,290
2050 - 2053	5,315	-	5,600	-	10,915
Unamortized premiums (discounts)	16,095	2,008	14,831	-	32,934
Total future principal requirements	$ 246,189	$ 74,343	$ 241,386	$ 10,045	$ 571,963

Future Interest Commitments
For fiscal years subsequent to 2024
(all dollars in thousands)

	Section 9(c) Bonds	Section 9(d) Bonds	Notes Payable	Finance Purchase Obligations	Total Long-term Debt Payable
2025	$ 8,735	$ 2,037	$ 8,152	$ 441	$ 19,365
2026	8,071	1,899	7,666	414	18,050
2027	7,346	1,741	7,161	386	16,634
2028	6,575	1,600	6,637	366	15,178
2029	5,977	1,478	6,077	335	13,867
2030 - 2034	22,175	5,117	22,684	1,237	51,213
2035 - 2039	13,200	1,338	12,714	399	27,651
2040 - 2044	5,264	116	6,391	-	11,771
2045 - 2049	2,420	-	2,552	-	4,972
2050 - 2053	540	-	459	-	999
Total future interest requirements	$ 80,303	$ 15,326	$ 80,493	$ 3,578	$ 179,700

Future Principal Commitments by System
For fiscal years subsequent to 2024
(all dollars in thousands)

	Section 9(c) Bonds	Section 9(d) Bonds	Notes Payable	Finance Purchase Obligations	Total Long-term Debt Payable
Athletic system					
Principal	$ -	$ 33,790	$ -	$ -	$ 33,790
Unamortized premiums (discounts)	-	(2)	-	-	(2)
Total for athletic system	-	33,788	-	-	33,788
Dormitory and dining hall system					
Principal	186,055	33,660	16,535	-	236,250
Unamortized premiums (discounts)	13,465	1,900	1,089	-	16,454
Total for dormitory and dining hall system	199,520	35,560	17,624	-	252,704
Electric service utility system					
Principal	-	2,820	-	-	2,820
Unamortized premiums (discounts)	-	84	-	-	84
Total for utility system	-	2,904	-	-	2,904
University services system					
Principal	-	2,065	78,630	-	80,695
Unamortized premiums (discounts)	-	26	5,134	-	5,160
Total for university services system	-	2,091	83,764	-	85,855
All systems					
Principal	186,055	72,335	95,165	-	353,555
Unamortized premiums (discounts)	13,465	2,008	6,223	-	21,696
Total for all systems	199,520	74,343	101,388	-	375,251
Other nonsystem debt					
Principal	44,039	-	131,390	10,045	185,474
Unamortized premiums (discounts)	2,630	-	8,608	-	11,238
Total for other nonsystem debt	46,669	-	139,998	10,045	196,712
Total future principal requirements	$ 246,189	$ 74,343	$ 241,386	$ 10,045	$ 571,963

13. Detail of Long-term Indebtedness

As of June 30, 2024
(all dollars in thousands)

	Interest Rates	Maturity	Principal Payable	Unamortized Premium (Discount)	Ending Balance
Bonds Payable					
Revenue bonds - Section 9(d)					
Athletic system					
Series 2015B, issued $510	2.50% - 3.50%	2035	$ 510	$ (2)	$ 508
Series 2021, issued $40	2.15%	2036	40	-	40
Series 2021, issued $21,825 - refunding 2012B note payable	0.70% - 2.55%	2041	20,755	-	20,755
Series 2021, issued $7,055 - refunding 2010B note payable	0.70% - 2.55%	2041	6,710	-	6,710
Series 2021, issued $6,075 - refunding 2016A note payable	0.70% - 2.55%	2041	5,775	-	5,775
Total athletic system			33,790	(2)	33,788
Dormitory and dining hall system					
Series 2015A, issued $51,425	3.00% - 5.00%	2035	33,660	1,900	35,560
Electric service utility system					
Series 2015D, issued $4,390	2.75% - 4.00%	2035	2,820	84	2,904
University services system					
Recreational Sports auxiliary					
Series 2015C, issued $3,280	2.75% - 3.50%	2035	2,065	26	2,091
Total revenue bonds			72,335	2,008	74,343
General obligation revenue bonds - Section 9(c)					
Dormitory and dining hall system					
Series 2024B, issued $2,836 - refunding series 2013B	5.00%	2027	2,836	107	2,943
Series 2024B, issued $1,294 - refunding series 2013B	5.00%	2027	1,294	49	1,343
Series 2015B, issued $10,671 - partial refunding series 2008B	5.00%	2028	4,955	706	5,661
Series 2016B, issued $24,200 - partial refunding series 2009B	2.00% - 5.00%	2029	13,530	1,851	15,381
Series 2016B, issued $2,310 - partial refunding series 2009B	2.00% - 5.00%	2029	1,290	177	1,467
Series 2010A, issued $34,650	3.75% - 4.40%	2030	12,715	197	12,912
Series 2020B, issued $13,070 - refunding series 2011A	0.55% - 1.41%	2031	10,415	32	10,447
Series 2020A, issued $84,305	1.63% - 4.00%	2040	74,350	6,525	80,875
Series 2022A, issued $40,100	4.13% - 5.00%	2042	40,100	2,356	42,456
Series 2022A, issued $25,405	4.13% - 5.00%	2042	24,570	1,465	26,035
Total dormitory and dining hall system			186,055	13,465	199,520
Other nonsystem general obligation revenue bonds					
Parking facilities					
Series 2024B, issued $94 - refunding series 2013B	5.00%	2026	94	2	96
Series 2015B, issued $921 - partial refunding series 2008B	5.00%	2028	420	61	481
Series 2010A, issued $745	3.75% - 4.40%	2030	265	4	269
Series 2016B, issued $18,890 - partial refunding series 2009B	2.00% - 5.00%	2034	13,885	1,350	15,235
Series 2022A, issued $29,375	4.13% - 5.00%	2052	29,375	1,213	30,588
Total other nonsystem general obligation revenue bonds			44,039	2,630	46,669
Total general obligation revenue bonds			230,094	16,095	246,189
Total bonds payable			$ 302,429	$ 18,103	$ 320,532
Notes Payable					
Dormitory and dining hall system					
Series 2014B, issued $340 - partial refunding series 2005	4.00%	2026	$ 205	$ 7	$ 212
Series 2021B, issued $795 - partial refunding series 2012A	0.48% - 0.94%	2028	610	-	610
Series 2010A, issued $9,650	4.75% - 5.50%	2031	4,300	153	4,453
Series 2021A, issued $980 - partial refunding series 2010A	2.00% - 3.00%	2033	980	84	1,064
Series 2018A, issued $11,505	4.00% - 5.00%	2039	9,595	845	10,440
Series 2021B, issued $845 - partial refunding series 2018A	2.50% - 2.60%	2041	845	-	845
Total dormitory and dining hall system			16,535	1,089	17,624
University services system					
Career Services auxiliary					
Series 2021A, issued $600 - refunding series 2010B	5.00%	2025	305	18	323
Center for the Arts auxiliary					
Series 2010A, issued $19,445	4.75% - 5.60%	2036	11,715	303	12,018
Series 2021A, issued $1,530 - partial refunding series 2010A	2.00%	2038	1,530	46	1,576
Series 2021B, issued $15,655 - refunding series 2011A	0.48% - 2.40%	2039	14,705	3	14,708
Health Services and Recreational Sports auxiliaries					
Series 2015B, issued $800 - partial refunding series 2009A	3.00% - 5.00%	2029	490	51	541
Series 2016A, issued $7,945 - partial refunding series 2009B	3.00% - 5.00%	2030	5,150	702	5,852
Series 2016A, issued $2,780 - partial refunding series 2009B	3.00% - 5.00%	2030	1,805	246	2,051
Series 2021B, issued $175 - partial refunding series 2015B	1.33% - 1.53%	2031	175	-	175
Series 2021B, issued $1,510 - partial refunding series 2016A	1.53% - 1.71%	2032	1,510	-	1,510
Series 2021B, issued $530 - partial refunding series 2016A	1.53% - 1.71%	2032	530	-	530
Series 2023A, issued $40,715	4.00% - 5.00%	2048	40,715	3,765	44,480
Total university services system			78,630	5,134	83,764
Other nonsystem notes payable					
Boiler pollution controls					
Series 2016A, issued $375 - partial refunding series 2006A	3.00%	2027	375	11	386
Series 2021B, issued $235 - partial refunding series 2014B	0.94% - 1.13%	2029	235	-	235

	Interest Rates	Maturity	Principal Payable	Unamortized Premium (Discount)	Ending Balance
Notes Payable, continued					
Campus heating plant					
Series 2014B, issued $1,790 - partial refunding series 2007A	4.00% - 5.00%	2026	515	57	572
Series 2016A, issued $575 - partial refunding series 2007A	3.00% - 5.00%	2028	575	39	614
Series 2016A, issued $3,625 - partial refunding series 2009B	3.00% - 5.00%	2030	2,355	320	2,675
Series 2021B, issued $485 - partial refunding series 2014B	1.13% - 1.33%	2030	485	-	485
Series 2021B, issued $690 - partial refunding series 2016A	1.53% - 1.71%	2032	690	-	690
Chiller plant					
Series 2021B, issued $5,315 - refunding series 2011A	0.48% - 1.91%	2034	4,825	1	4,826
Corps Leadership and Military Sciences Building					
Series 2023A, issued $28,600	4.00% - 5.00%	2053	28,600	2,702	31,302
Data and Decision Sciences Building					
Series 2023A, issued $8,850	4.00% - 5.00%	2043	8,615	1,064	9,679
Goodwin Hall					
Series 2021B, issued $8,320 - partial refunding series 2011A	0.48% - 1.71%	2032	7,380	3	7,383
Hitt Hall					
Series 2023A, issued $11,065	4.00% - 5.00%	2043	11,065	1,362	12,427
Holden Hall					
Series 2019A, issued $7,920	2.25% - 5.00%	2040	6,845	653	7,498
Holtzman Alumni Center and Skelton Conference Center					
Series 2021B, issued $10,840 - refunding series 2012A	0.48% - 1.81%	2033	9,540	3	9,543
ICTAS II					
Series 2016A, issued $8,345 - partial refunding series 2009B	3.00% - 5.00%	2030	5,410	737	6,147
Innovation Campus					
Series 2023A, issued $4,995	4.00% - 5.00%	2053	4,995	344	5,339
Kelly Hall					
Series 2016A, issued $3,180 - partial refunding series 2006A	3.00%	2027	3,180	94	3,274
Life Sciences I Facility					
Series 2021B, issued $1,235 - partial refunding series 2012A	0.48%	2025	585	1	586
Series 2014B, issued $1,005 - partial refunding series 2005	4.00%	2026	615	20	635
Steger Hall					
Series 2021A, issued $6,785 - refunding series 2010B	5.00%	2030	5,975	1,036	7,011
Veterinary medicine instruction addition					
Series 2021B, issued $6,355 - partial refunding series 2012B	0.48% - 1.81%	2033	5,825	2	5,827
Virginia Tech Carilion biosciences addition					
Series 2017A and 2017B, issued $24,630	2.75% - 3.30%	2038	19,440	122	19,562
Series 2018B, issued $3,965	3.54% - 5.00%	2039	3,265	37	3,302
Total other nonsystem notes payable			131,390	8,608	139,998
Total notes payable			$ 226,555	$ 14,831	$ 241,386
Finance Purchase Obligation - Kentland Farm dairy complex			$ 10,045	$ -	$ 10,045

14. Long-term Debt Defeasance

Current Year

The university and the Commonwealth of Virginia, on behalf of the university, issued $4,429,000 of 9(c) general obligations bonds to refund $4,500,000 of 9(c) general obligation bonds during fiscal year 2024. The resulting net gain of $71,000 will be amortized over the life of the new debt. For financial reporting purposes, these bonds are considered an in-substance defeasance and have therefore been removed from the long-term debt payable presented in the *Statement of Net Position*. The assets in escrow have similarly been excluded. The details of each refunded debt issue are presented below.

Long-term Debt Defeasance
Debt issues refunded as of June 30, 2024
(all dollars in thousands)

	Debt Refunded	Refunding Debt Issued	Accounting Gain (Loss)	Present Value Rate	Reduction in Debt Service	Reduction in Debt Service Discounted at Present Value
Section 9(c) general obligation revenue bonds						
Series 2024B, issued $94	$ 97	$ 94	$ 3	2.87%	$ 2	$ 2
Series 2024B, issued $1,294	1,342	1,294	48	2.87%	37	35
Series 2024B, issued $2,836	2,943	2,836	107	2.87%	83	79
Premiums (Discounts)	459	212	247			
Other accounting activity related to debt refunding	(341)	(7)	(334)			
Total for 9(c) general obligation revenue bonds	$ 4,500	4,429	$ 71		$ 122	$ 116
Debt issuance costs		7				
Total refunding debt issued		$ 4,436				

14. Long-term Debt Defeasance, continued

Prior Years

In prior fiscal years, the university excluded from its financial statements the assets in escrow and the debt payable which were defeased in-substance in accordance with GASB Statement 7, *Advance Refundings Resulting in the Defeasance of Debt*. For the year ending June 30, 2024, there were $3,490,000 in bonds and notes outstanding considered defeased.

GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, reclassifies losses and gains on defeased debt to deferred outflows of resources or deferred inflows of resources, respectively. The tables below provide detail on the unamortized gains and losses included in the deferred outflows of resources and deferred inflows of resources by bond category for defeased outstanding debt from prior years.

Deferred Outflows for Debt Defeasance
As of June 30, 2024
(all dollars in thousands)

	Beginning Balance	Additions	Retirements	Ending Balance
Bonds payable				
Section 9(c) general obligation revenue bonds	$ 1,259	$ -	$ 618	$ 641
Section 9(d) revenue bonds	554	-	83	471
Notes payable	1,608	-	290	1,318
Total deferred outflows for debt defeasance	$ 3,421	$ -	$ 991	$ 2,430

Deferred Inflows for Debt Defeasance
As of June 30, 2024
(all dollars in thousands)

	Beginning Balance	Additions	Retirements	Ending Balance
Bonds payable				
Section 9(c) general obligation revenue bonds	$ 383	$ 71	$ 68	$ 386
Section 9(d) revenue bonds	138	-	35	103
Notes payable	835	-	110	725
Total deferred inflows for debt defeasance	$ 1,356	$ 71	$ 213	$ 1,214

15. Long-term Leases Payable

Long-term leases represent the university's obligation to pay owners for the right to use the present service capacity of their assets. These obligations are primarily for leases of facilities, such as office space in the North End Center and Gilbert Place buildings, the North End Center parking garage, space in the Children's National Hospital, and various office and laboratory spaces in the Virginia Tech Corporate Research Center. The university's lease agreements for facilities typically range from 3-20 years, with renewal options equal to the base term appearing more frequently in the university's 3-5-year lease agreements. The university utilizes stated or implicit rates when determinable, otherwise the university uses its incremental borrowing rate to discount lease payments. The weighted-average remaining lease term on the university's leases is 14.0 years with a weighted-average discount rate of 3.53%.

The university's leases are primarily with the foundation and its subsidiaries. Several of the university's leases with the foundation operate on a non-profit basis, in which the rent owed is trued up at regular intervals to ensure cost-only rent. These agreements make up the majority of the university's 20-year leases. The university's long-term lease portfolio does not contain provisions for variable payments based on the university's future performance or usage of the underlying assets. Additionally, university's long-term lease portfolio does not contain provisions for residual value guarantees. The university had no impairment losses on its long-term lease portfolio in fiscal year 2024. The university has two commitments totaling $0.7 million commencing in fiscal year 2025.

Long-Term Leases Payable Activity
As of June 30, 2024
(all dollars in thousands)

	Beginning Balance *(restated)* Note 1	Additions	Retirements	Terminations	Ending Balance	Current Portion
Land	$ 2,851	$ -	$ 265	$ -	$ 2,586	$ 205
Building	197,914	8,769	19,407	111	187,165	19,891
Equipment	635	-	611	-	24	24
Infrastructure	93	-	31	-	62	32
Total long-term leases payable	$ 201,493	$ 8,769	$ 20,314	$ 111	$ 189,837	$ 20,152

15. Long-term Leases Payable, continued

Future Principal Commitments
For fiscal years subsequent to 2024
(all dollars in thousands)

	Land	Building	Equipment	Infrastructure	Total
2025	$ 205	$ 19,891	$ 24	$ 32	$ 20,152
2026	211	18,915	-	30	19,156
2027	187	18,301	-	-	18,488
2028	186	14,526	-	-	14,712
2029	196	13,146	-	-	13,342
2030-2034	954	44,536	-	-	45,490
2035-2039	327	37,409	-	-	37,736
2040-2044	51	16,510	-	-	16,561
2045-2049	70	2,828	-	-	2,898
2050-2054	95	1,103	-	-	1,198
2055-2059	104	-	-	-	104
Total future principal requirements	$ 2,586	$ 187,165	$ 24	$ 62	$ 189,837

Future Interest Commitments
For fiscal years subsequent to 2024
(all dollars in thousands)

	Land	Building	Equipment	Infrastructure	Total
2025	$ 86	$ 6,190	$ 1	$ 1	$ 6,278
2026	80	5,516	-	-	5,596
2027	73	4,861	-	-	4,934
2028	68	4,288	-	-	4,356
2029	61	3,848	-	-	3,909
2030-2034	207	14,452	-	-	14,659
2035-2039	75	7,117	-	-	7,192
2040-2044	49	1,828	-	-	1,877
2045-2049	40	419	-	-	459
2050-2054	26	33	-	-	59
2055-2059	9	-	-	-	9
Total future interest requirements	$ 774	$ 48,552	$ 1	$ 1	$ 49,328

16. Long-term Subscription-based Information Technology Arrangements Payable

Subscription-based information technology arrangements (SBITAs) represent the university's obligation to pay vendors for access to their information technology. The university's SBITAs typically range from 2-7 years, with renewal options ranging from 1-3 years. The university utilizes stated or implicit rates when determinable, otherwise the university uses its incremental borrowing rate to discount lease payments. The weighted-average remaining SBITA term on the university's SBITAs is 4.0 years with a weighted-average discount rate of 2.82%.

Some contracts in the university's SBITA portfolio contain provisions for variable payments based upon usage of the underlying assets or additional licenses. The university paid $0.6 million in variable payments during fiscal year 2024. The university had no impairment losses on its SBITA portfolio in fiscal year 2024. The university has no commitments for SBITAs commencing in fiscal year 2025.

Future Principal Commitments
As of June 30, 2024
(all dollars in thousands)

	Beginning Balance *(restated)* Note 1	Additions	Retirements	Terminations	Ending Balance	Current Portion
Long-term SBITAs payable	$ 18,071	$ 9,364	$ 8,196	$ -	$ 19,239	$ 6,499

Future Principal Commitments
For fiscal years subsequent to 2024
(all dollars in thousands)

2025	$ 6,499
2026	4,742
2027	3,137
2028	1,952
2029	1,459
2030	1,450
Total future principal payments	$ 19,239

Future Interest Commitments
For fiscal years subsequent to 2024
(all dollars in thousands)

2025	$ 342
2026	593
2027	244
2028	153
2029	91
2030	45
Total future interest payments	$ 1,468

17. Changes in Other Liabilities

A summary of the changes in other liabilities for the year ended June 30, 2024
(all dollars in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	$ 60,726	$ 57,600	$ 54,514	$ 63,812	$ 39,655
Federal student loan program contribution refundable	1,343	-	673	670	-
Net pension liability	284,863	31,227	-	316,090	-
Other post employment benefits	142,712	-	160	142,552	2,607
Total other liabilities	$ 489,644	$ 88,827	$ 55,347	$ 523,124	$ 42,262

18. Capital Improvement Commitments

The amounts listed in the following tables represent the value of obligations remaining on capital improvement project contracts. These obligations are for future effort and as such have not been accrued as expenses or liabilities on the university's financial statements. Outstanding contractual commitments for capital improvement projects at June 30, 2024 *(all dollars in thousands)*:

Capital commitments by project	
Randolph Hall replacement	$ 56,305
Innovation Campus	32,251
Undergraduate science laboratory building	6,143
Livestock and poultry research facility	4,785
New building for Pamplin College of Business	4,780
Student wellness improvements	4,612
ADA and code compliance improvements	1,842
Other projects	2,132
Total	$ 112,850

Capital commitments by funding source	
Capital appropriations	$ 63,895
Private gifts	37,916
VCBA 21st Century bonds to be paid by the commonwealth	6,316
Auxiliary enterprise funds	4,630
Other funds	93
Total	$ 112,850

Photo by Lee Friesland/Virginia Tech

19. Pension Plans

Plan Descriptions

All full-time, salaried, permanent employees of state agencies are automatically covered by the VRS State Employee Retirement Plan (SERP) or the Virginia Law Officers' Retirement System (VaLORS) retirement plans upon employment, unless they are eligible faculty and choose to enroll in the optional retirement program described in Note 20. These plans are single employer plans treated as cost-sharing plans for financial reporting purposes. These plans are administered by the Virginia Retirement System (VRS or 'the System') along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS State Employee Retirement Plan – Plan 1, Plan 2, and Hybrid; and two different benefit structures for covered employees in the VaLORS Retirement Plan – Plan 1 and Plan 2. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are described below.

Retirement Plan Provisions by Plan Structure

Plan 1

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.

Plan 2

Same as Plan 1.

Hybrid Retirement Plan

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.

- The defined benefit component is based on a member's age, service credit, and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Eligible Members

Eligible Members – Plan 1

Employees are in Plan 1 if their membership date is before July 1, 2010, they were vested as of January 1, 2013, and they have not taken a refund. VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Eligible Members – Plan 2

Employees are in Plan 2 if their membership date is on or after July 1, 2010, to December 31, 2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013. Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Eligible Members – Hybrid Plan

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- Full-time permanent, salaried state employees*
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

*Some state employees are not eligible to participate in the Hybrid Retirement Plan. They include members of the Virginia Law Officers' Retirement System (VaLORS), and employees eligible for an optional retirement plan (ORP) who have prior service under Plan 1 or Plan 2. These employees must select Plan 1 or Plan 2 (as applicable) or the ORP plan.

Retirement Contributions

Retirement Contributions - Plan 1

State employees, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.

Retirement Contributions - Plan 2

Same as Plan 1.

Retirement Contributions - Hybrid Plan

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Service Credit

Service Credit - Plan 1

Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Service Credit - Plan 2

Same as Plan 1.

Service Credit - Hybrid Plan

Defined Benefit Component: Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contributions Component: Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

Vesting

Vesting - Plan 1

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.

Vesting - Plan 2

Same as Plan 1.

Vesting - Hybrid Plan

Defined Benefit Component: Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contributions Component: Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required, except as governed by law.

Calculating the Benefit

Calculating the Benefit - Plan 1

The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction factor is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

Calculating the Benefit - Plan 2

See definition under Plan 1.

Calculating the Benefit - Hybrid Plan

Defined Benefit Component: See definition under Plan 1.

Defined Contribution Component: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

Average Final Compensation

Average Final Compensation - Plan 1

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

Average Final Compensation - Plan 2

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Average Final Compensation - Hybrid Plan

Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service Retirement Multiplier

Service Retirement Multiplier - Plan 1

For SERP, the retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for VaLORS employees is 1.70% or 2.00%.

Service Retirement Multiplier - Plan 2

For SERP, same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013. The retirement multiplier for VaLORS employees is 2.00% applied to hazardous duty service and 1.70% applied to non-hazardous duty service and no supplement.

Service Retirement Multiplier - Hybrid Plan

Defined Benefit Component: SERP - The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. VaLORS - Not applicable.

Defined Contribution Component: Not applicable.

Normal Retirement Age

Normal Retirement Age - Plan 1

For SERP, age 65. For VaLORS, age 60.

Normal Retirement Age - Plan 2

For SERP, normal Social Security retirement age. For VaLORS, same as Plan 1.

Normal Retirement Age - Hybrid Plan

Defined Benefit Component: SERP - Same as Plan 2; VaLORS - Not applicable.

Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility

Earliest Unreduced Retirement Eligibility - Plan 1

For SERP, age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. For VaLORS, age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.

Earliest Unreduced Retirement Eligibility - Plan 2

For SERP, normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90. For VaLORS, same as Plan 1.

Earliest Unreduced Retirement Eligibility - Hybrid Plan

Defined Benefit Component: SERP – Same as Plan 2; VaLORS - Not applicable.

Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Reduced Retirement Eligibility

Earliest Reduced Retirement Eligibility - Plan 1

For SERP, age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. For VaLORS, age 50 with at least five years of service credit.

Earliest Reduced Retirement Eligibility - Plan 2

For SERP, age 60 with at least five years (60 months) of service credit. For VaLORS, same as Plan 1.

Earliest Reduced Retirement Eligibility - Hybrid Plan

Defined Benefit Component: SERP – Same as Plan 2. For VaLORS - Not applicable.

Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Cost-of-Living Adjustment (COLA) in Retirement

Cost-of-Living Adjustment (COLA) in Retirement - Plan 1

The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

Eligibility:

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

Exceptions to COLA Effective Dates:

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability.
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.

The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Cost-of-Living Adjustment (COLA) in Retirement - Plan 2

The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. Eligibility rules and exceptions are the same as Plan 1.

Cost-of-Living Adjustment (COLA) in Retirement - Hybrid Plan

Defined Benefit Component: The COLA is the same as Plan 2. The eligibility rules and exceptions are the same as Plan 1 and Plan 2.

Defined Contribution Component: Not applicable.

19. Pension Plans, continued

Disability Coverage

Disability Coverage - Plan 1

For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

Disability Coverage - Plan 2

For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

Disability Coverage - Hybrid Plan

State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

Purchase of Prior Service

Purchase of Prior Service - Plan 1

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior service credit counts toward vesting, eligibility for retirement, and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

Purchase of Prior Service - Plan 2

Same as Plan 1.

Purchase of Prior Service - Hybrid Plan

Defined Benefit Component: Same as Plan 1, with the exception that Hybrid Retirement Plan members are ineligible for ported service.

Defined Contribution Component: Not applicable.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required contribution rate for the year ended June 30, 2024 was 14.46% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 24.60% of covered employee compensation. These rates were the final approved General Assembly rate which were based on an actuarially determined rates from an actuarial valuation as of June 30, 2021. The actuarially determined rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from Virginia Tech to the VRS State Employee Retirement Plan were $48,281,000 and $44,415,000 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions from Virginia Tech to the VaLORS Retirement Plan were $801,000 and $746,000 for the years ended June 30, 2024 and June 30, 2023, respectively. In June 2023, the commonwealth made a special contribution of approximately $73.0 million to SERP and $6.6 million to VaLORS. These special payments were authorized by Chapter 2 of the *Acts of Assembly of 2022, Special Session I*, as amended by Chapter 769, *2023 Acts of Assembly Reconvened Session*, and are classified as special employer contributions. Virginia Tech's proportionate share for the VRS State Employee Retirement Plan and for the VaLORS Retirement Plan are reflected in other non-operating revenue on the *Statement of Revenues, Expenses, and Changes in Net Position*.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2024, Virginia Tech reported a liability of $310,820,000 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of $5,270,000 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. Virginia Tech's proportion of the Net Pension Liability was based on Virginia Tech's actuarially determined employer contributions to the pension plans for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, Virginia Tech's proportion of the VRS State Employee Retirement Plan was 6.143% as compared to 6.172% at June 30, 2022. At June 30, 2023, Virginia Tech's proportion of the VaLORS Retirement Plan was 0.815% as compared to 0.748% at June 30, 2022.

For the year ended June 30, 2024, Virginia Tech recognized pension expense of $22,522,000 for the VRS State Employee Retirement Plan and $1,262,000 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2022 and June 30, 2023, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2024, Virginia Tech reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources *(all dollars in thousands):*

	SERP		VaLORS	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ 30,191	$ 8,979	$ 116	$ -
Net difference between projected and actual earnings on pension plan investments	-	21,753	-	224
Change in assumptions	4,106	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	4,645	181	-
Employer contributions subsequent to the measurement date	48,281	-	801	-
Total	$ 82,578	$ 35,377	$ 1,098	$ 224

A total of $49,082,000 ($48,281,000 for SERP and $801,000 for VaLORS) reported as deferred outflows of resources related to pensions resulting from Virginia Tech's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows *(all dollars in thousands):*

Year ended June 30,	SERP	VaLORS
2025	$ (8,975)	$ 132
2026	$ (16,561)	$ (282)
2027	$ 23,669	$ 215
2028	$ 787	$ 8
2029	$ -	$ -

Actuarial Assumptions

VRS State Employee Retirement Plan (SERP)

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates (SERP)

Pre-Retirement:	Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years
Post-Retirement:	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years
Beneficiaries and Survivors:	Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females
Mortality Improvement:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on the VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

VaLORS Retirement Plan

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50%
Salary increases, including inflation	3.50% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates (VaLORS)

Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
Mortality Improvement:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

19. Pension Plans, continued

Net Pension Liability

The net pension liability (NPL) is calculated separately for each plan and represents that particular plan's total pension liability determined in accordance with GASB Statement 67, less that plan's fiduciary net position. As of June 30, 2023, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows *(all dollars in thousands):*

	SERP	VaLORS
Total Pension Liability	$ 28,411,528	$ 2,577,980
Plan Fiduciary Net Position	23,351,827	1,931,061
Employers' Net Pension Liability (Asset)	$ 5,059,701	$ 646,919
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.19%	74.91%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement 67 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
Expected inflation			2.50%
Expected arithmetic nominal return*			8.25%

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14% including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by Virginia Tech for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 102% of the actuarially determined contribution rate. From July 1, 2023, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Virginia Tech's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents Virginia Tech's proportionate share of the VRS State Employee Retirement Plan (SERP) and the VaLORS Retirement Plan net pension liability using the discount rate of 6.75%, as well as what Virginia Tech's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate *(all dollars in thousands):*

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Virginia Tech's proportionate share of the VRS SERP Net Pension Liability	$ 517,952	$ 310,820	$ 137,465
Virginia Tech's proportionate share of the VaLORS Net Pension Liability	$ 8,057	$ 5,270	$ 2,994

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

The amount of payables outstanding to the VRS State Employee Retirement Plan (SERP) and the VaLORS Retirement Plan at June 30, 2024, was approximately $2.8 million for legally required contributions into the plans.

20. Defined Contribution Plans

Optional Retirement Plans

Full-time faculty and certain administrative staff may participate in optional retirement plans as authorized by the *Code of Virginia* rather than the VRS retirement plan. These optional retirement plans are defined contribution plans offered through Teachers Insurance and Annuity Association of America – College Retirement Equities Fund (TIAA-CREF), and Fidelity Investments Tax-Exempt Services Company. There are two defined contribution plans. Plan 1 is for employees hired prior to July 1, 2010, and retirement benefits received are based upon the employer's 10.4 percent, plus net investment gains or losses. Plan 2 is for employees hired on or after July 1, 2010, and retirement benefits received are based upon the employer's 8.5 percent contribution and the employee's 5.0 percent contribution plus net investment gains or losses. Individual contracts issued under the plan provide for full and immediate vesting of both the university's and the employees' contributions. Total pension costs under this plan were approximately $41,518,000 for the year ended June 30, 2024. Contributions to the optional retirement plan were calculated using the base salary amount of approximately $456,073,000 for this fiscal year.

Deferred Compensation Plan

Employees of the university are employees of the Commonwealth of Virginia. State employees may participate in the commonwealth's deferred compensation plan. Participating employees can contribute to the plan each pay period with the commonwealth matching up to $20 per pay period. The dollar amount match can change depending on the funding available in the commonwealth's budget. The deferred compensation plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. The university expense for matching contributions to this plan, which is an amount assessed by the commonwealth, was approximately $2,547,000 for the fiscal year 2024.

Federal Pension Plans

Certain Cooperative Extension Service (CES) professional employees are participants in the Federal Employee Retirement System (FERS). The FERS is a defined benefit plan in which benefits are based upon the highest base pay over any three consecutive years and the years of creditable service. The costs under this plan were approximately $68,000 for the year ended June 30, 2024. Contributions to FERS were calculated using the base salary amount of approximately $369,000 for the fiscal year 2024.

In addition, the university contributed $18,000 in employer contributions to the Thrift Savings Plan for the year ended June 30, 2024. The Thrift Savings Plan is a defined contribution plan in which the university matches employee contributions within certain limitations.

Photo by Luke Hayes/Virginia Tech

21. Other Postemployment Benefits

The university participates in postemployment benefit programs that are sponsored by the commonwealth. The Department of Human Resource Management (DHRM) administers the Pre-Medicate Retiree Healthcare program. The Virginia Retirement System (VRS or 'the System') administers the Virginia Sickness and Disability program, Group Life Insurance program, Retiree Health Insurance Credit program, and Line of Duty Act program. Specific information for each of these Other Postemployment Benefit (OPEB) programs is described below:

Plan Descriptions

Pre-Medicare Retiree Healthcare (PMRH) program

All full-time and part-time permanent salaried Virginia Tech employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are eligible to participate in the commonwealth's healthcare program upon employment. Retirees who are not yet eligible for Medicare health benefits may continue to participate in this program by meeting certain eligibility requirements.

Virginia Sickness and Disability (VSDP) program

All full-time and part-time permanent salaried Virginia Tech employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) hired on or after January 1, 1999 are automatically covered by VSDP upon employment. The VSDP program also covers Virginia Tech employees hired before January 1, 1999 who elected to transfer to VSDP rather than retain their eligibility to be considered for disability retirement.

Group Life Insurance (GLI) program

All full-time, salaried permanent employees of Virginia Tech are automatically covered by the GLI program upon employment. (Note: In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance program. For members who elect the optional group life insurance coverage, the insurer bills Virginia Tech directly for the premiums. Virginia Tech deducts these premiums from members' paychecks and pays the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI program postemployment benefit.)

Retiree Health Insurance Credit (HIC) program

All full-time, salaried, permanent employees of Virginia Tech are automatically covered by the HIC program. Members earn one month of service credit toward the benefit for each month they are employed and for which Virginia Tech pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Line of Duty Act (LODA) program

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA program. As required by statute, the VRS is responsible for managing the assets of the program. Virginia Tech's contributions are determined by the system's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

Plan Provisions

PMRH program

Eligible employees

For a VRS retiree to participate in the Pre-Medicare Retiree Healthcare (PMRH) program, the participant must:

- be a retiring state employee who is eligible for a monthly retirement benefit from the VRS, and
- be receiving (not deferring) the benefit immediately upon retirement*, and
- have his or her last employer before retirement be the Commonwealth of Virginia, and
- be eligible for coverage (even if not enrolled) as an active employee in the State Health Benefits Program until his or her retirement date (not including extended coverage), and
- have submitted within 31 days of his or her retirement date an enrollment form to his or her benefits administrator to enroll.

(* A retirement contribution or leave without pay status for retirement was reported in the month immediately prior to retirement date. Some faculty members may also be eligible if they are paid on an alternate pay cycle but maintain eligibility for active coverage until their retirement date.)

For an Optional Retirement Plan (ORP) retiree to participate in the PMRH program, the participant must:

- be a terminating state employee who participates in one of the qualified Optional Retirement Plans, and
- have his or her last employer before termination be the Commonwealth of Virginia, and
- be eligible for coverage (even if not enrolled) in the State Employee Health Benefits Program for active employees at the time of termination, and
- meet the age and service requirements for an immediate retirement benefit under the non-ORP VRS plan that would have been applicable had ORP coverage not been selected, and
- enroll in the State Retiree Health Benefits Program no later than 31 days from the date that coverage (or eligibility for coverage) was lost due to termination of employment.

(This applies to ORP terminations effective January 1, 2017 or later. For those who terminated employment prior to January 1, eligibility should be determined based on the policy in place at the time of their termination.)

VSDP program

Eligible employees

The Virginia Sickness and Disability Program (VSDP), also known as the Disability Insurance Trust Fund was established January 1, 1999 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities.

Eligible employees are enrolled automatically upon employment. They include:

- Full-time and part-time permanent salaried Virginia Tech employees covered under VRS, SPORS and VaLORS (members new to VaLORS following its creation on October 1, 1999 have been enrolled since the inception of VSDP).
- State employees hired before January 1, 1999 who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement.
- Virginia Tech faculty members who elect the VRS defined benefit plan.

Benefit Amounts

The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible retirees:

- Long-Term Disability (LTD) - The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit provides income replacement of 60% of the employee's pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid by the Virginia Disability Insurance Program (VSDP) OPEB plan.
- Income Replacement Adjustment - The program provides for an income replacement adjustment to 80% for catastrophic conditions.
- Long-Term Care Plan – The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.

Cost-of-Living Adjustment (COLA)

During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the board.

Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%).

Plan 1 employee non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%).

For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the board, from the date of the commencement of the disability to the date of retirement.

100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.

For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the board, from the date of the commencement of the disability to the date of retirement.

100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%

GLI program

Eligible employees

The GLI program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated member contributions and accrued interest.

Benefit amounts

The benefits payable under the GLI program have several components:

- Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit – The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: accidental dismemberment benefit, seat belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option.

Reduction in benefit amounts

The benefit amounts provided to members covered under the GLI program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI program. The minimum benefit was set at $8,000 by statute. The amount increases annually based on the VRS Plan 2 cost-of-living adjustment and was increased to $9,254 effective June 30, 2024.

Retiree HIC program

Eligible Employees

The HIC program was established January 1, 1990 for retired state employees covered under VRS, SPORS, VaLORS and the Judicial Retirement System (JRS) who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.

Benefit amounts

The HIC program provides the following benefits for eligible employees:

- At Retirement – For employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount.
- Disability Retirement – For employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher. For state police officers with a non-work-related disability who retire on disability or go on long-term disability under VSDP, the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher. For state police officers with a work-related disability, there is no benefit provided under the HIC program if the premiums are being paid under the Virginia Line of Duty Act (LODA). However, they may receive the credit for premiums paid for other qualified health plans.

HIC program notes

The monthly HIC benefit cannot exceed the individual's premium amount. Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for HIC as a retiree.

LODA program

Eligible Employees

The eligible employees of the LODA program are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under VRS, SPORS, or VaLORS .

21. Other Postemployment Benefits, continued

Benefit Amounts

LODA provides death and health insurance benefits for eligible individuals.

Death benefits – The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:

- $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006 or after.
- $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.
- An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

Health insurance benefits – The LODA program provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

Contributions

PMRH program

Virginia Tech does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees. Therefore, Virginia Tech effectively subsidizes the costs of the participating retirees' healthcare through payment of Virginia Tech's portion of the premiums for active employees. Benefit payments are recognized when due and payable in accordance with the benefit terms. PMRH is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes and is administered by the Virginia Department of Human Resource Management. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits for this program.

VSDP program

The contribution requirements for the VSDP are governed by §51.1-1140 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for VSDP for the year ended June 30, 2024 was 0.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the VSDP from Virginia Tech were $1,117,000 and $1,088,000 for the years ended June 30, 2024, and June 30, 2023, respectively.

GLI program

The contribution requirements for the GLI program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI program from Virginia Tech were $4,141,000 and $3,740,000 for the years ended June 30, 2024, and June 30, 2023, respectively. In June 2023, the commonwealth made a special contribution of approximately $10.1 million to the GLI program. This special payment was authorized by a budget amendment included in Chapter 2 of the *Acts of Assembly of 2022*. Virginia Tech's proportionate share for the GLI program is reflected in other non-operating revenue on the *Statement of Revenues, Expenses, and Changes in Net Position*.

Retiree HIC program

The contribution requirement for active employees is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency's contractually required employer contribution rate for the year ended June 30, 2024, was 1.12% of covered employee compensation for employees in the Retiree HIC program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from Virginia Tech to the Retiree HIC program were $8,912,000 and $8,047,000 for the years ended June 30, 2024, and June 30, 2023, respectively. In June 2023, the commonwealth made a special contribution of approximately $8.5 million which was applied to the HIC program. This special payment was authorized by a budget amendment included in Chapter 2 of the *Acts of Assembly of 2022*. Virginia Tech's proportionate share for the HIC program is reflected in other non-operating revenue on the *Statement of Revenue, Expenses, and Changes in Net Position*.

LODA program

The contribution requirements for the LODA program are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA program for the year ended June 30, 2024, was $830.00 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA program from Virginia Tech were $42,000 and $42,000 for the years ended June 30, 2024, and June 30, 2023, respectively.

Liabilities (Assets), Expenses, and Deferred Inflows/Outflows of Resources

At June 30, 2024, Virginia Tech reported the following net liabilities (assets) for its proportionate share of these programs:

PMRH	$	32,558,000
VSDP	$	(11,134,000)
GLI	$	36,765,000
HIC	$	72,261,000
LODA	$	968,000

These liabilities (assets) were measured as of June 30, 2023, and the total OPEB liability used to calculate each net liability (asset) was determined by an actuarial valuation as of that date. Virginia Tech's proportion of the PMRH OPEB liability was based on its healthcare premium contributions as a percentage of the total employer's healthcare premium contributions for all participating employers. For VSDP, GLI, HIC and LODA programs, Virginia Tech's proportionate share of each liability (asset) was based on Virginia Tech's actuarially determined employer contributions to each plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2023, Virginia Tech's proportionate share was:

PMRH	9.25% as compared to 9.12% at June 30, 2022
VSDP	3.52% as compared to 3.58% at June 30, 2022
GLI	3.07% as compared to 3.06% at June 30, 2022
HIC	8.79% as compared to 8.77% at June 30, 2022
LODA	0.24% as compared to 0.25% at June 30, 2022

For the year ended June 30, 2023, Virginia Tech recognized the following expenses for these programs:

PMRH	$	(14,725,000)
VSDP	$	352,000
GLI	$	2,167,000
HIC	$	12,340,000
LODA	$	128,000

Since there was a change in proportionate share between measurement dates, a portion of these expenses was related to deferred amounts from changes in proportion.

At June 30, 2024, Virginia Tech reported deferred outflows/inflows of resources related to these programs from the following sources *(all dollars in thousands):*

Program	Source		Deferred Outflow		Deferred Inflow
PMRH	Difference between expected and actual experience	$	835	$	7,871
	Change in assumptions		-		19,935
	Changes in proportion		4,412		236
	Amounts associated with transactions subsequent to measurement date		2,581		-
	Total	$	7,828	$	28,042
VSDP	Difference between expected and actual experience	$	802	$	1,532
	Net difference between projected and actual earnings on investments		-		305
	Change in assumptions		38		122
	Changes in proportion		439		30
	VT contributions subsequent to measurement date		1,117		-
	Total	$	2,396	$	1,989
GLI	Difference between expected and actual experience	$	3,672	$	1,116
	Net difference between projected and actual earnings on investments		-		1,477
	Change in assumptions		786		2,547
	Changes in proportion		798		15
	VT contributions subsequent to measurement date		4,141		-
	Total	$	9,397	$	5,155
HIC	Difference between expected and actual experience	$	2	$	4,616
	Net difference between projected and actual earnings on investments		189		-
	Change in assumptions		1,708		-
	Changes in proportion		1,564		71
	VT contributions subsequent to measurement date		8,912		-
	Total	$	12,375	$	4,687
LODA	Difference between expected and actual experience	$	52	$	182
	Net difference between projected and actual earnings on investments		-		3
	Change in assumptions		215		200
	Changes in proportion		73		69
	VT contributions subsequent to measurement date		42		-
	Total	$	382	$	454

The following amounts reported as deferred outflows of resources related to each program, resulting from Virginia Tech's contributions subsequent to the measurement date, will be recognized as a reduction of each program's net liability (asset) in the fiscal year ending June 30, 2024 *(all dollars in thousands):*

PMRH	$	2,581
VSDP	$	1,117
GLI	$	4,141
HIC	$	8,912
LODA	$	42

Other amounts reported as deferred outflows/inflows of resources related to the OPEB programs will be recognized in each program's expense in future reporting periods as follows *(all dollars in thousands):*

Year ended June 30:		PMRH		VSDP		GLI		HIC		LODA
2025	$	(11,283)	$	(421)	$	112	$	31	$	(6)
2026	$	(6,183)	$	(535)	$	(1,290)	$	(579)	$	(6)
2027	$	(3,671)	$	105	$	735	$	(191)	$	(4)
2028	$	(1,721)	$	31	$	162	$	(382)	$	(5)
2029	$	65	$	80	$	381	$	(103)	$	(17)
Thereafter	$	-	$	31	$	-	$	-	$	(76)

21. Other Postemployment Benefits, continued

Actuarial Assumptions

PMRH program actuarial assumptions

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2023. The Department of Human Resource Management selected the economic, demographic, and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 7.75 percent for medical and pharmacy and 4.00 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.00 percent for dental.

Valuation Date	Actuarially determined contribution rates calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2023 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	5.80 years
Discount Rate	3.65%
Projected Salary Increases	5.35% to 3.50% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical and Rx: 7.75% to 4.50%, Dental: 4.00%
Year of Ultimate Trend	2033

Mortality Rates

- Pre-Retirement: Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years.
- Post-Retirement: Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for females.
- Post-Disablement: Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years.
- Beneficiaries and Survivors: Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females.

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2023.

Changes of Assumptions

There were not any changes in assumptions since the June 30, 2022, measurement date. The following remained constant since the prior measurement date:

- Spousal Coverage - rate remained at 20 percent
- Retiree Participation - rate remained at 35 percent

The trend rates were updated based on economic conditions as of June 30, 2023. Additionally, the discount rate was increased from 3.54% to 3.65% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2023.

There were no plan changes in the valuation since the prior year.

VSDP, GLI, HIC, and LODA program actuarial assumptions

VSDP, GLI, and HIC – The total liability for these programs was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50 percent
Salary increases, including inflation	
General state employees	3.50 percent – 5.35 percent
Teachers (GLI only)	3.50 percent – 5.95 percent
SPORS employees	3.50 percent – 4.75 percent
VaLORS employees	3.50 percent – 4.75 percent
JRS employees (GLI and HIC only)	4.00 percent
Locality – General employees (GLI only)	3.50 percent – 5.35 percent
Locality – Hazardous Duty employees (GLI only)	3.50 percent – 4.75 percent
Investment rate of return	6.75 percent, net of OPEB plan investment expenses, including inflation

LODA - The total liability for these programs was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50 percent
Salary increases, including inflation	
General state employees	N/A
SPORS employees	N/A
VaLORS employees	N/A
Locality employees	N/A
Medical cost trend rates assumption	
Under age 65	7.00 percent – 4.75 percent
Ages 65 and older	5.25 percent – 4.75 percent
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.86 percent, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return.

Mortality rates – General State Employees (VSDP, GLI, HIC, LODA)

- Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.

- Post-Retirement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.
- Beneficiaries and Survivors: Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except for the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service.
Disability Rates	No change.
Salary Scale	No change.
Line of Duty Disability	No change.
Discount Rate	No change (Discount rate does not apply to LODA).

Mortality rates – Teachers (GLI)

- Pre-Retirement: Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.
- Post-Retirement: Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.
- Post-Disablement: Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through age 9 years of service.
Disability Rates	No change.
Salary Scale	No change.
Discount Rate	No change.

Mortality rates – SPORS Employees (VSDP, GLI, HIC, LODA)

- Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
- Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. (VSDP and LODA only: Increased disability life expectancy.)
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service.
Disability Rates	No change.
Salary Scale	No change.
Line of Duty Disability	No change.
Discount Rate	No change (Discount rate does not apply to LODA.)

Mortality rates – VaLORS Employees (VSDP, GLI, HIC, LODA)

- Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
- Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. (VSDP and LODA only: Increased disability life expectancy.)
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70.

21. Other Postemployment Benefits, continued

Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service.
Disability Rates	No change.
Salary Scale	No change.
Line of Duty Disability	No change.
Discount Rate	No change (Discount rate does not apply to LODA.)

Mortality rates – JRS Employees (GLI, HIC)

- Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years.
- Post-Retirement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years.
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally.
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Decreased rates for ages 60-66 and 70-72.
Withdrawal Rates	No change.
Disability Rates	No change.
Salary Scale	Reduce increases across all ages by 0.50%.
Discount Rate	No change.

Mortality rates – Largest Ten Locality Employers - General Employees (GLI)

- Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
- Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service.
Disability Rates	No change.
Salary Scale	No change.
Line of Duty Disability	No change.
Discount Rate	No change.

Mortality rates – Non-Largest Ten Locality Employers - General Employees (GLI)

- Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
- Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service.
Disability Rates	No change.
Salary Scale	No change.
Line of Duty Disability	No change.
Discount Rate	No change.

Mortality rates – Largest Ten Locality Employers with Hazardous Duty Employees (GLI)

- Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
- Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates.
Disability Rates	No change.
Salary Scale	No change.
Line of Duty Disability	No change.
Discount Rate	No change.

Mortality rates – Non-Largest Ten Locality Employers with Hazardous Duty Employees (GLI)

- Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
- Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates and changed rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty.
Disability Rates	No change.
Salary Scale	No change.
Line of Duty Disability	No change.
Discount Rate	No change.

Mortality rates – Largest Ten Locality Employers with Public Safety Employees (LODA)

- Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
- Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates.
Disability Rates	No change.
Salary Scale	No change.
Line of Duty Disability	No change.

Mortality rates – Non-Largest Ten Locality Employers with Public Safety Employees (LODA)

- Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
- Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

21. Other Postemployment Benefits, continued

- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only, to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty.
Disability Rates	No change.
Salary Scale	No change.
Line of Duty Disability	No change.

Net OPEB Asset/Liability

The net OPEB asset/liability (NOA or NOL) for VSDP, GLI, HIC and LODA represents each program's total OPEB liability determined in accordance with GASB Statement 74, less the associated fiduciary net position. As of June 30, 2023, NOA/NOL amounts for each program are as follows *(all dollars in thousands):*

	VSDP	GLI	HIC	LODA
Total OPEB Liability	$ 318,901	$ 3,907,052	$ 1,102,220	$ 406,211
Plan Fiduciary Net Position	634,779	2,707,739	280,599	5,311
Employers' Net OPEB Liability (Asset)	$ (315,878)	$ 1,199,313	$ 821,621	$ 400,900
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	199.05%	69.30%	25.46%	1.31%

The total OPEB liability is calculated by VRS's actuary, and each plan's fiduciary net position is reported in VRS's financial statements. The net OPEB liability (asset) is disclosed in accordance with the requirements of GASB Statement 74 in VRS's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

VSDP, GLI, HIC programs

The long-term expected rate of return on the VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of the VRS investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
Expected inflation			2.50%
Expected arithmetic nominal return*			8.25%

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

LODA program

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.86% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2023.

Discount Rate

PMRH program

The discount rate was increased from 3.54% to 3.65% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2024. Retiree participation rate remained at 35% based on a blend of recent experience and the prior year assumptions. There were no plan changes in the valuation since the prior year.

VSDP, GLI, HIC programs

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by Virginia Tech for each of these programs will be subject to the portion of the VRS board-certified rates that are funded by the Virginia General Assembly, which was 109% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB fiduciary net position for these programs was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability for each of these programs.

LODA program

The discount rate used to measure the total OPEB liability was 3.86%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and they will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by Virginia Tech to the LODA OPEB program will be subject to the portion of the VRS board-certified rates that are funded by the Virginia General Assembly.

Sensitivity of Virginia Tech's Proportionate Share of the OPEB Liability to Changes in the Discount Rate

The following presents Virginia Tech's proportionate share of the OPEB liability for PMRH using the discount rate of 3.65%; VSDP, GLI, and HIC using the discount rate of 6.75%; and LODA using the discount rate of 3.86%. As well, Virginia Tech's proportionate share of the OPEB liability (asset) is presented as it would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate *(all dollars in thousands):*

Virginia Tech's Proportionate Share of OPEB Liability (Asset)

	1.0% Decrease		Current Discount Rate		1.0% Increase	
	2.65%		3.65%		4.65%	
PMRH	$	34,484	$	32,558	$	30,722
	5.75%		6.75%		7.75%	
VSDP	$	(10,304)	$	(11,134)	$	(11,866)
GLI	$	54,497	$	36,765	$	22,428
HIC	$	81,597	$	72,261	$	64,254
	2.86%		3.86%		4.86%	
LODA	$	1,086	$	968	$	869

Sensitivity of Virginia Tech's Proportionate Share of the PMRH OPEB and LODA OPEB Liabilities to Changes in the Healthcare Trend Rate

Because the Pre-Medicare Retiree Healthcare and Line of Duty Act programs contain provisions for the payment of health insurance premiums, the liabilities are also impacted by the healthcare trend rates. The following presents Virginia Tech's proportionate share of the OPEB liability for these programs using healthcare trend rate of 7.75% decreasing to 4.50% for PMRH and 7.00% decreasing to 4.75% for LODA. As well, Virginia Tech's proportionate share of the OPEB liability is presented as it would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate *(all dollars in thousands):*

Virginia Tech's Proportionate Share of OPEB Liability

	1.00% Decrease		Current Healthcare Trend Rate		1.00% Increase	
PMRH	6.75% decreasing to 3.50%		7.75% decreasing to 4.50%		8.75% decreasing to 5.50%	
	$	29,619	$	32,558	$	35,969
LODA	6.00% decreasing to 3.75%		7.00% decreasing to 4.75%		8.00% decreasing to 5.75%	
	$	821	$	968	$	1,150

Fiduciary Net Position

Detailed information about Fiduciary Net Position for each of these programs is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/media/shared/pdf/publications/2023-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VSDP, GLI, and HIC OPEB programs

The amount payable outstanding at June 30, 2024 to each of these OPEB programs was as follows:

VSDP	$	7,000
GLI	$	247,000
HIC	$	516,000

22. Grants, Contracts, and Other Contingencies

The university has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the outlay of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the university.

In addition, the university is required to comply with various federal regulations issued by the Office of Management and Budget. Failure to comply with certain system requirements of these regulations may result in questions concerning the allowance of related direct and indirect charges pursuant to such agreements. As of June 30, 2024, the university estimates that no material liabilities will result from such audits or questions.

23. Federal Direct Lending Program

The university participates in the Federal Direct Lending Program. Under this program, the university receives funds from the U.S. Department of Education for Stafford and Parent PLUS Loan Programs, and disburses these funds to eligible students. The funds can be applied to outstanding student tuition and fee charges or refunded directly to the student.

These loan proceeds are treated as student payments, with the university acting as a fiduciary agent for the student. Therefore, the receipt of the funds from the federal government is not reflected in the federal government grants and contracts total on the *Statement of Revenues, Expenses, and Changes in Net Position*. The activity is included in the operating activities section of the *Statement of Cash Flows*. For the fiscal year ended June 30, 2024, cash provided by the program totaled $169,567,000 and cash used by the program totaled $169,597,000.

24. Appropriations

The *Appropriation Act* specifies that unexpended general fund appropriations remaining on the last day of the current year, ending on June 30, 2024, shall be reappropriated for expenditure in the first month of the next year, beginning on July 1, 2024, except as may be specifically provided otherwise by the Virginia General Assembly. The governor may, at his discretion, unallot funds from the reappropriated balances that relate to unexpended appropriations for payments to individuals, aid to localities, or any pass-through grants.

Adjustments made to the university's original appropriation during this fiscal year are as follows *(all dollars in thousands)*:

Original Legislative Appropriation
(per Chapter 2 of the 2022 Special Session)

Education and general programs	$	293,560
Student financial assistance		32,673
Commonwealth Research Initiative and Federal Action Contingency Trust		10,389
Unique military activities		3,649
Total appropriation		340,271
Adjustments		
Education and general programs		36,051
Access and affordability		12,330
Tech talent investment program		11,887
Pell Initiative Grant		799
Virginia military survivors and dependents		794
DECA and HOSA CTSO Advisors Grant		425
Virginia management fellows program		377
College Transfer Grant		197
Other adjustments		24
Total adjustments		62,884
Total adjusted appropriation	$	403,155

Capital Appropriations

Capital project general fund appropriations were recognized by the university from the commonwealth for the year ended June 30, 2024. During the year $115,470,000 in capital appropriations have been allocated as follows *(all dollars in thousands)*:

Replace Randolph Hall	$	74,749
Education and general maintenance reserve projects		18,447
Tech talent investment program		8,509
Livestock and poultry facilities		6,490
Undergraduate lab furniture, fixtures, and equipment		5,693
Tech talent investment program, College of Engineering		1,032
Center Woods		550
Total capital appropriations	$	115,470

25. Deferred Outflows and Inflows of Resources

Deferred Outflows of Resources

Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period. The deferred outflows of resources have a positive effect on net position, similar to assets.

The composition of deferred outflows of resources on June 30, 2024, is summarized as follows (*all dollars in thousands*):

Deferred loss on long-term debt defeasance (Note 14)	$	2,430
Deferred outflow for VRS pension (Note 19)		83,676
Deferred outflow for other postemployment benefits (Note 21)		32,378
	$	118,484

Deferred Inflows of Resources

Deferred inflows of resources are defined as the acquisition of net assets applicable to a future reporting period. The deferred inflows of resources have a negative effect on net position, similar to liabilities.

The composition of deferred inflows of resources on June 30, 2024, is summarized as follows (*all dollars in thousands*):

Deferred gain on long-term debt defeasance (Note 14)	$	1,214
Deferred inflow for long-term leases		2,425
Deferred inflow for VRS pension (Note 19)		35,601
Deferred inflow for other postemployment benefits (Note 21)		40,327
	$	79,567

Photo by Clark DeHart/Virginia Tech

Photo by Lee Friesland/Virginia Tech

26. Expenses by Natural Classification within Functional Classification

Operating expenses by functional classification for the year ended June 30, 2024
(all dollars in thousands)

	Compensation and Benefits	Contractual Services	Travel	Supplies and Materials	Other Operating Expenses	Sponsored Program Contracts	Scholarships and Fellowships	Total
Instruction	$ 467,704	$ 24,080	$ 13,122	$ 9,849	$ 4,472	$ 253	$ 2,586	$ 522,066
Research	286,099	33,227	15,638	25,965	4,109	46,904	23,646	435,588
Public service	76,100	12,439	5,776	3,907	3,450	3,013	447	105,132
Academic support	112,082	15,472	2,265	12,639	2,601	2,128	593	147,780
Student services	26,146	3,876	1,950	1,698	505	762	218	35,155
Institutional support	100,113	1,405	538	63	280	19	978	103,396
Operations and maintenance	44,223	4,969	262	7,960	33,893	-	86	91,393
Student financial assistance*	262	889	5	37	30	-	36,616	37,839
Auxiliary enterprises	140,841	34,079	16,098	52,244	56,599	21	710	300,592
Subtotal before other costs	$ 1,253,570	$ 130,436	$ 55,654	$ 114,362	$ 105,939	$ 53,100	$ 65,880	1,778,941
Depreciation and amortization								174,983
Total operating expenses								$ 1,953,924

Includes loan administrative fees and collection costs.

27. Notes to Component Unit Statements

The Virginia Tech Foundation component unit statements, found on pages 20 and 21, and these subsequent notes comply with the Governmental Accounting Standards Board (GASB) format. Virginia Tech Foundation Inc. follows the Financial Accounting Standards Board (FASB) presentation format in their audited financial statements. Consequently, reclassifications have been made to convert their statements to the GASB format *(all dollars in thousands).*

Contributions Receivable - Virginia Tech Foundation Inc.

The following summarizes unconditional promises to give at June 30, 2024 *(all dollars in thousands)*:

Receivable in less than one year	$ 81,479
Receivable in one to five years	80,340
Receivable in more than five years	51,644
Total contributions receivable, gross	213,463
Less allowance for uncollectible contributions	5,489
Less discount to reduce estimated future cash flows to fair value	30,813
Contributions receivable, at fair value	$ 177,161

The discount rates ranged from 5.72% to 7.60% at June 30, 2024. As of June 30, 2024 the foundation is unaware of any significant conditional promises to give.

Investments - Virginia Tech Foundation Inc.

The overall investment objective of the foundation is to invest its endowed funds in a manner that provides returns adequate to meet spending policy objectives in support of designated endowed programs while maintaining the purchasing power of the endowment. The foundation invests a portion of its operating funds in the endowment to provide support for a portion of its annual operating activities. Investment activities are overseen by the board's Investment Committee and are authorized by the board's Executive Committee. The investment program is managed in accordance with its investment policy statement, which is reviewed annually by the board.

The foundation's primary approach towards investing involves the use of third-party investment managers to execute transactions on behalf of the foundation. However, the foundation may also invest directly in securities without restriction. The range of investment strategies utilized is not limited and includes both hedged and unhedged strategies across both public and private markets. Strategies currently employed include long-only equities, long/short hedge funds, fixed income, private credit, private equity, venture capital, real estate, and real assets. In the case of private securities, investments require the estimation of fair value by investment managers. Inputs into such valuations include fundamental factors as well as market comparable transactions. These values may differ significantly from the true value of such investments had readily available markets existed.

As of June 30, 2024, long-term investments included investment assets held in internally managed trust funds with a carrying values totaling $58,335. At June 30, 2024, unspent bond proceeds of $6,074, invested in U.S. government treasuries, were included in short-term investments. These proceeds are restricted for investment in land and building development.

The foundation is required by Maryland state law to maintain segregated assets for all annuities issued in an amount at least equal to the sum of its outstanding deferred giving arrangements, liability discounted to present value. As of June 30, 2024, the foundation had recorded annuity obligations of $6,705. As of June 30, 2024, the foundation had separately invested cash reserves of $12,157, and had met its minimum reserve requirement under Maryland state law.

The following summarizes changes in relationships between cost and fair value of investments during 2024 (*all dollars in thousands*):

	Fair value	Cost	Net gains
June 30, 2024	$ 2,120,942	$ 1,901,929	$ 219,013
June 30, 2023	1,949,823	1,798,869	150,954
Unrealized net gain for the year, including net gain on agency deposits held in trust of $24,365			68,059
Realized net gain for the year, including net gain on agency deposits held in trust of $29,603			89,449
Total net gain for the year, including net gain on agency deposits held in trust of $53,968			$ 157,508

Fair Value Hierarchy - Virginia Tech Foundation Inc.

Accounting Standards Codification (ASC) Topic 820 establishes a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs that use quoted prices (unadjusted) in active markets for identical assets or liabilities that the foundation has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

The fair values of the foundation's corporate debt securities and state, county and municipal securities are obtained from a third-party pricing service provider. The fair values provided by the pricing service provider are estimated using pricing models, where the inputs to those models are based on observable market inputs including credit spreads and broker-dealer quotes, among other inputs. The foundation classifies the prices obtained from the pricing services within Level 2 of the fair value hierarchy because the underlying inputs are directly observable from active markets. However, the pricing models used do entail a certain amount of subjectivity and, therefore, differing judgments in how the underlying inputs are modeled could result in different estimates of fair value.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The assets that were measured at fair value on a recurring basis at June 30, 2024 are presented in the first table on the next page.

The second table on the next page summarizes the foundation's investments in entities that calculate net asset value as a practical expedient to estimate fair value as of June 30, 2024, as well as liquidity and funding commitments.

Assets Measured at Fair Value - Virginia Tech Foundation Inc.
At June 30, 2024
(all dollars in thousands)

	Total at June 30, 2024	Fair value measurements at reporting date using			
		Level 1	Level 2	Level 3	NAV*
Assets					
Contributions Receivable	$ 177,161	$ -	$ -	$ 177,161	$ -
Short-term investments					
Corporate debt securities	11,805	11,805	-	-	-
U.S. government treasuries	6,840	6,840	-	-	-
U.S. government agencies	764	764	-	-	-
Total short-term investments	19,409	19,409	-	-	-
Long-term investments					
Cash and cash equivalents	63,562	63,562	-	-	-
U.S. government treasuries	70,383	70,383	-	-	-
U.S. government agencies	10,450	10,450	-	-	-
Hedge funds	273,337	-			273,337
Private real estate	303,395	-	-	-	303,395
Private credit	64,727	-	-	-	64,727
Private equity	229,891	-	-	-	229,891
Public equity	946,084	354,110	-	-	591,974
Corporate bonds	14,419	14,419	-	-	-
Corporate debt securities	75,119	69,692	5,039	388	-
Mortgage receivable	20,993	17,727	3,266	-	-
Foreign securities	18,963	18,963	-	-	-
Real estate	5,321	-	-	5,321	-
Global stock	4,889	4,889	-	-	-
Total long-term investments	2,101,533	624,195	8,305	5,709	1,463,324
Irrevocable trusts held by others	5,467	-	-	5,467	-
Total	$ 2,303,570	$ 643,604	$ 8,305	$ 188,337	$ 1,463,324

* Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the *Statement of Net Position*.

Assets Measured using NAV Estimate - Virginia Tech Foundation Inc.
At June 30, 2024
(all dollars in thousands)

	Fair Value	Uncalled Commitments	Remaining Life	Redemption Frequency	Trade to Settlement Terms	Redemption Notice Period
Public equity funds (1)	$ 591,974	$ -	N/A	Daily to Every 3 years	1-30 days	45-180 days
Hedge funds (2)	273,337	-	N/A	Monthly to Quarterly	5-30 days	30-90 days
Private credit funds (3)	64,727	31,502	1-10 years	N/A	N/A	N/A
Private equity funds (4)	229,891	74,088	1-10 years	N/A	N/A	N/A
Private real assets funds (5)	303,395	77,918	1-10 years	N/A	N/A	N/A
	$ 1,463,324	$ 183,508				

(1) The amount represents investments in funds that invest in publicly traded equity securities and can be liquidated over various intervals. The net asset value of each fund, which represents the fair value of the underlying investments, is used as a practical expedient under fair value guidance. The managers invest primarily in long equity securities, although some managers are allowed to invest in short equity securities. In all cases the objective is for managers to achieve a return in excess of an appropriate equity market benchmark, such as the MSCI ACWI.

(2) The amount represents investments in funds that invest in hedged strategies, such as long/short, event-driven and global macro. There are no restrictions on the types of securities and financial instruments these managers are allowed to invest in. The net asset value of each fund, which represents the fair value of the underlying investments, is used as a practical expedient under fair value guidance. Fund managers seek to achieve returns in excess of broad market benchmarks over a full market cycle while exhibiting low correlation with such benchmarks, thus providing diversification.

(3) The amount represents investments in funds that invest in credit-related securities that are privately negotiated. These investments are made under a drawdown commitment structure, where capital is called by the manager when needed. The fair values of investments have been estimated using the net asset value related to each limited partner's ownership interest in the fund as a practical expedient under fair value guidance. These investments cannot be redeemed, with all liquidity decisions under manager control. It is estimated that the underlying assets of the fund will be liquidated over a time period ranging from 1-10 years.

(4) The amount represents investments in funds that invest in the equity of private companies. Investments may take the form of direct equity, preferred equity, convertible equity, or any other "equity-like" structure that reflects entity ownership. These investments are made under a drawdown commitment structure, where capital is called by the manager when needed. Private Equity consists of managers investing in equity at a variety of stages, including venture capital, growth equity, or those companies bought out in take-private transactions. The fair values of investments have been estimated using the net asset value related to each limited partner's ownership interest in the fund as a practical expedient under fair value guidance. These investments cannot be redeemed, with all liquidity decisions under manager control. It is estimated that the underlying assets of the fund will be liquidated over a time period ranging from 1-10 years.

(5) The amount represents investments in funds that invest in the equity, and occasionally debt, of private real assets, including real estate, natural resources, and infrastructure. These investments are made under a drawdown commitment structure, where capital is called by the manager when needed. The fair values of investments have been estimated using the net asset value related to each limited partner's ownership interest in the fund as a practical expedient under fair value guidance. These investments cannot be redeemed, with all liquidity decisions under manager control. It is estimated that the underlying assets of the fund will be liquidated over a time period ranging from 1-10 years.

27. Notes to Component Unit Statements, continued

Land, Buildings, and Equipment - Virginia Tech Foundation Inc.

The following is a summary of land, buildings, and equipment at cost, less accumulated depreciation for the year ending June 30, 2024 *(all dollars in thousands):*

Depreciable capital assets	
Buildings	$ 340,777
Equipment and other	53,087
Land improvements	29,679
Total depreciable capital assets, at cost	423,543
Less accumulated depreciation	187,177
Total depreciable capital assets, net	236,366
Nondepreciable capital assets	
Land	151,359
Vintage and other collection items	7,122
Livestock	708
Construction in progress	12,430
Total nondepreciable capital assets	171,619
Total capital assets, net	$ 407,985

As of June 30, 2024, outstanding contractual commitments for projects under construction approximated $3,241.

Long-term Debt Payable - Virginia Tech Foundation Inc.

Notes payable

The following is a summary of outstanding notes payable at June 30, 2024 *(all dollars in thousands):*

Unsecured note payable issued on May 31, 2024 at a fixed rate of 5.90%. Note matures June 1, 2039	$ 11,100
Unamortized issuance costs	(100)
Unsecured note payable upon the sale of the hotel and repayment of all debt of the hotel and the Hotel Roanoke Foundation	1,775
Total notes payable	$ 12,775

The aggregate annual maturities of notes payable for each of the five years and thereafter subsequent to June 30, 2024, are *(all dollars in thousands):*

Year ending June 30,	
2025	$ 477
2026	509
2027	539
2028	571
2029	605
2030-2034	3,602
2035-2039	4,797
Upon the sale of the hotel and repayment of all debt of the hotel and HRF	1,775
Total notes payable	$ 12,875

Bonds payable

The foundation is obligated under the Economic Development Authority of Montgomery County, Virginia Revenue and Refunding Bonds (Series 2017A) and Taxable Revenue and Refunding Bonds (Series 2017B) dated May 17, 2017. Proceeds were used to refinance all or a portion of the outstanding Series 2009A, Series 2010A, Series 2010B, and Series 2011A bonds, refinance a VTREF note payable, and renovate a facility used in support of the university. The Series 2017A and 2017B bonds, which bear a weighted average fixed interest rate of 2.93% and 3.43%, respectively, have annual serial and sinking fund maturities beginning June 1, 2018 and concluding June 1, 2039 in varying amounts ranging from $580 to $4,670.

The foundation is obligated under the Economic Development Authority of Montgomery County, Virginia Revenue and Refunding Bonds (Series 2017C) dated May 17, 2017. Proceeds were used to refinance all of the outstanding Series 2005 bonds and the remaining portion of the Series 2009A bonds. The Series 2017C bonds, which bear a variable interest rate calculated as 65% of one-month LIBOR plus 0.407%, have annual serial maturities beginning June 1, 2018 and concluding June 1, 2027 in varying amounts ranging from $1,340 to $3,380.

The foundation is obligated under a promissory note with Union Bank and Trust (Series 2017D) dated December 19, 2017. Proceeds were used to finance the construction of several facilities to be used in support of the university. The promissory note, which bears a fixed interest rate of 3.7%, has annual serial maturities beginning October 1, 2019 and concluding October 1, 2037 in varying amounts ranging from $115 to $825. At June 30, 2024, unspent bond proceeds of $4 were included in restricted cash and cash equivalents.

During the year ended June 30, 2017, the foundation used the proceeds from the Series 2017 bond issuances to refinance all of its Industrial Development Authority of Montgomery County, Virginia Variable Rate Revenue Bonds Series 2005 and Industrial Development Authority of Montgomery County, Virginia Revenue Bonds Series 2009A bonds in the amounts of $12,065 and $16,495, respectively. The foundation also partially refunded $44,190 of its Series 2010A, $5,620 of its Series 2010B, and $14,515 of its Series 2011A bonds as well. The foundation defeased or partially refunded these bonds payable by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased or partially refunded bonds are not reflected in the foundation's component unit financial statements.

The foundation is obligated under the Economic Development Authority of Montgomery County, Virginia Revenue Bonds (Series 2019A) and Taxable Revenue and Refunding Bonds (Series 2019B) dated November 5, 2019. Proceeds were used to finance costs related to the acquisition, construction, and equipping of certain facilities, fund capitalized interest, refinance all or a portion of the outstanding Series 2010B and Series 2011B bonds, and pay certain costs of issuance. The Series 2019A and 2019B bonds, which bear a weighted average fixed interest rate of 2.54% and 3.06%, respectively, have annual serial and sinking fund maturities beginning June 1, 2020 and concluding June 1, 2044 in varying amounts ranging from $60 to $7,615. At June 30, 2024 unspent bond proceeds of $1,293 and $6,074 are included in restricted cash and cash equivalents and short-term investments, respectively.

The foundation refunded the remaining $4,355 of its Series 2010B and partially refunded $27,515 of its Series 2011B bonds. The foundation defeased or partially refunded these bonds payable by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased or partially refunded bonds are not reflected in the foundation's component unit financial statements.

The foundation is obligated under the Economic Development Authority of Montgomery County, Virginia Taxable Revenue and Refunding Bonds (Series 2020A) dated July 7, 2020. Proceeds were used to finance costs related to the acquisition, construction, and equipping of certain facilities; refinance all or a portion of the outstanding Series 2011A, Series 2013A, and Series 2013B bonds; and pay certain costs of issuance. The Series 2020A bonds, which bear a weighted average fixed interest rate of 2.24%, have annual serial maturities beginning June 1, 2021 and concluding June 1, 2038 in varying amounts ranging from $565 to $4,625.

The foundation refunded the remaining $29,150 of its Series 2011A, partially refunded $13,170 of its Series 2013A, and partially refunded $6,575 of its 2013B bonds. The foundation defeased or partially refunded these bonds payable by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased or partially refunded bonds are not reflected in the foundation's component unit financial statements.

The foundation is obligated under the Economic Development Authority of Montgomery County, Virginia Revenue Bond (Series 2022) and Taxable Loan dated October 26, 2022. Proceeds will be used to finance costs related to acquisition, construction, and equipping of certain facilities and refinance the outstanding Series 2012B bonds. The Series 2022 bonds, which bear a weighted average fixed interest rate of 3.42%, have annual serial maturities beginning June 1, 2023 and concluding June 1, 2039 in varying amounts ranging from $131 to $427. The Taxable Loan, which bears a weighted average fixed interest rate of 4.34%, has annual serial maturities beginning June 1, 2023 and concluding June 1, 2033 in varying amounts ranging from $198 to $497.

Principal amounts outstanding for bonds payable and the related unamortized premium amounts where applicable at June 30 are as follows *(all dollars in thousands):*

Bond series		
Series 2017A	$	27,585
Series 2017B		31,345
Series 2017C		4,935
Series 2017D		9,235
Series 2019A		46,325
Series 2019B		80,835
Series 2020A		46,535
Series 2022		5,121
Taxable Loan		3,802
Unamortized premium on Series 2017A		1,202
Unamortized premium on Series 2019A		8,531
Unamortized discount on Series 2019B		(685)
Unamortized bond issuance cost		(1,907)
Total bonds payable	$	262,859

The aggregate annual maturities of bonds payable for each of the five years and thereafter subsequent to June 30, 2024, are as follows *(all dollars in thousands):*

Year ending June 30,		
2025	$	19,666
2026		18,938
2027		19,578
2028		18,439
2029		24,467
2030 – 2034		82,232
2035 – 2039		73,681
2040 – 2044		7,765
Total	$	264,766

Total interest expense incurred in the aggregate related to notes payable and bonds payable during the year ended June 30, 2024 totaled $8,325.

Agency Deposits Held in Trust - Virginia Tech Foundation Inc.

Under an agreement between the university and the foundation, the foundation serves as agent in connection with the investment, management, and administration of a donor estate fund. Under a similar agreement, the foundation also serves as agent for the investment and management of other university non-general funds to assist the university in its goal of achieving enhanced earnings. In addition, the foundation serves as agent and maintains investments for the Virginia Tech Alumni Association Inc., Virginia Tech Services Inc., and certain other associations.

The following is a summary of agency deposits held in trust at June 30, 2024 *(all dollars in thousands):*

University - Pratt Estate	$	47,639
University - other		563,807
Virginia Tech Alumni Association Inc.		5,018
Virginia Tech Services Inc		6,093
Other		71,864
Total agency deposits held in trust	$	694,421

Leases - Virginia Tech Foundation Inc.

Operating leases – Foundation as lessor

The foundation rents facilities to unrelated third parties, as well as various university departments and other university-related entities. For the year ended June 30, 2024, rental income of $30,656 and $811 was earned from the university and Virginia Tech Applied Research Corporation, respectively. In addition, the foundation provides facilities for the use of various university departments at no charge or below market rates to the university. The fair value rental for this property in excess of actual rental income received totaled $11,371 and is included in other operating revenues and other operating expenses in the Virginia Tech Foundation *Statement of Revenues, Expenses, and Changes in Net Position* found on page 21.

Future minimum lease payments receivable under facility leases as of June 30, 2024 are as follows *(all dollars in thousands):*

		Related Parties		Other		Total
Year ending June 30,						
2025	$	15,825	$	8,928	$	24,753
2026		14,373		5,696		20,069
2027		12,287		3,735		16,022
2028		10,060		3,263		13,323
2029		8,637		3,042		11,679
Thereafter		20,590		13,071		33,661
Total	$	81,772	$	37,735	$	119,507

Direct financing leases-Foundation as lessor

The foundation records its net investment in direct financing leases as the minimum future lease payments receivable plus the estimated residual value of leased assets, net of unearned lease income and allowance for credit losses. Unearned lease income is the amount by which the total lease receivable plus the estimated residual value exceeds the cost of the asset. The foundation considers current information and events regarding the lessee's ability to pay their obligations, historical experience, and reasonable and supportable forecasts in estimating the allowance for credit losses related to the foundation's direct financing leases. Based on management's assessment, it was determined an allowance for credit losses at June 30, 2024 would be immaterial.

The following table presents the foundation's leases with the university as of June 30, 2024 *(all dollars in thousands):*

Lease Commencement Date	Leased Property		Annual Payments	Lease Termination Date
2009	Building	$	2,205	2029
2013	Building/parking garage	$	3,498	2036
2014	Building	$	72	2044
2015	Building	$	914	2038
2016	Land	$	35	2036
2017	Land	$	104	2037
2019	Building	$	280	2039
2019	Building	$	1,178	2039
2020	Building	$	178	2040
2020	Building	$	160	2027
2022	Building	$	5,508	2043
2023	Building	$	2,515	2043

27. Notes to Component Unit Statements, continued

Future minimum lease payments receivable under these leases as of June 30, 2024 are as follows *(all dollars in thousands):*

	Related Parties	Other	Total
Year ending June 30,			
2025	$ 15,279	$ -	$ 15,279
2026	16,654	-	16,654
2027	16,537	-	16,537
2028	16,451	-	16,451
2029	14,429	-	14,429
Thereafter	158,483	1,663	160,146
Net minimum future lease receipts	237,833	1,663	239,496
Less unearned income	81,465	990	82,455
Net investment in direct financing leases	$ 156,368	$ 673	$ 157,041

Leases – Foundation as lessee

The foundation leases various buildings. The terms of these leases range from 1 to 7 years for operating leases and from 1 to 6 years for finance leases, expiring on various dates from 2024 to 2031. Annual payments under these agreements range from $2 to $168 for finance leases and $2 to $36 for operating leases. Rent expense under these leases amounted to $167 for finance leases and $704 for operating leases for the year ended June 30, 2024.

The foundation leases various tracts of land. The terms of these leases range from 1 to 8 years for operating leases and from 70 to 74 years for finance leases, expiring at various dates from 2024 to 2098. Annual payments under these agreements range from $1 to $33 for finance leases and $35 for operating leases. Rent expense under these leases amounted to $72 for finance leases and $35 for operating leases for the year ended June 30, 2024.

The foundation leases various equipment. The terms of these leases range from 1 to 5 years for finance leases, expiring at various dates from 2024 to 2029. Annual payments under these agreements range from $1 to $2 for finance leases. Rent expense under these leases amounted to $12 for finance leases for the year ended June 30, 2024.

The foundation's lease contracts may include options to extend or terminate the lease. The foundation exercises judgment to determine the term of those leases when such options are present and include such options in the calculation of the lease term when it is reasonably certain that it will exercise those options.

The foundation includes contract lease components in its determination of lease payments, while non-lease components of the contracts, such as taxes, insurance, and common area maintenance, are expensed as incurred. At commencement, right-of-use assets and lease liabilities are measured at the present value of future lease payments over the lease term. The foundation uses its incremental borrowing rate based on information available at the time of lease commencement to measure the present value of future payments.

Operating lease expense is recognized on a straight-line basis over the lease term. Short-term leases with an initial term of 12 months or fewer are expensed as incurred. The foundation's short-term leases have month-to-month terms.

At June 30, 2024 right-of-use assets were $704 for operating leases and $2,197 for finance leases and lease liabilities were $727 for operating leases and $2,287 for finance leases. Right-of-use assets and right-of-use liabilities are reflected in the foundation's *Statement of Net Position* found on page 20 as nondepreciable and depreciable capital assets, net and unearned revenue and other liabilities, respectively.

The weighted average remaining lease term was 50 months for operating leases and 556 months for finance leases and the weighted average discount rate was 1.43% for operating leases and 2.94% for finance leases as of June 30, 2024.

The foundation's future payments due under operating leases reconciled to the lease liability are as follows *(all dollars in thousands):*

For the year ended June 30, 2024, cash paid for lease liabilities totaled $802 for operating leases and $234 for finance leases.

	Operating Leases	Finance Leases	Total
Year ending June 30,			
2025	$ 347	$ 298	$ 645
2026	120	301	421
2027	77	220	297
2028	64	136	200
2029	37	137	174
Thereafter	107	3,851	3,958
Total undiscounted lease payments	752	4,943	5,695
Less present value discount	25	2,656	2,681
Total lease liability	$ 727	$ 2,287	$ 3,014

Photo by Katie Mallory/Virginia Tech

28. Joint Venture

The Hotel Roanoke Conference Center Commission was created by a joint resolution of the university and the City of Roanoke. The purpose of the commission is to establish and operate a publicly owned conference center in Roanoke adjacent to the renovated Hotel Roanoke. The powers of the commission are vested in commissioners. Each participating governing body appoints three commissioners for a total of six commissioners. The commission has authority to issue debt, and such debt is the responsibility of the commission. The intention of the commission is to be self-supporting through its user fees. The university and the City of Roanoke equally share in any operating deficit or additional funding needed for capital expenditures. The university made contributions of $80,000 using private funds to the commission for the fiscal year ended June 30, 2024. The administrative offices for the Hotel Roanoke Conference Center Commission are located at 110 Shenandoah Avenue, Roanoke, Virginia, 24016.

29. Jointly Governed Organizations

NRV Regional Water Authority

Created by a concurrent resolution of the university, the towns of Blacksburg and Christiansburg, and the county of Montgomery, the authority operates and maintains the water supply system for the university and the other participating governing bodies. A five-member board governs the authority with one member appointed by each governing body and one at-large member appointed by the joint resolution of each of the governing bodies. The authority's indebtedness is not an obligation of the university and is payable solely from the revenues of the authority. The university paid $1,820,000 to the authority for the purchase of water for the fiscal year ended June 30, 2024.

Blacksburg-VPI Sanitation Authority

Created by a concurrent resolution of the university and the town of Blacksburg, the authority operates and maintains the wastewater treatment system for the participating governing bodies. Each participating governing body appoints one member of the five-member board of directors. Three at-large members are appointed by the joint resolution of each of the governing bodies. The authority's indebtedness is not an obligation of the university and is payable solely from the revenues of the authority. The university paid $1,178,000 to the authority for the purchase of sewer services for the fiscal year ended June 30, 2024.

Montgomery Regional Solid Waste Authority

Created by a joint resolution of the university, the towns of Blacksburg and Christiansburg, and the county of Montgomery, the authority represents its members in solid waste and recycling issues as well as operating a recycling facility. The authority is governed by its board which is comprised of representatives from each of the four jurisdictions served. Each governing body provides collection of solid waste and recyclables from within its jurisdiction, and delivers the collected materials to the authority for disposal of the waste and processing and marketing of the recyclables. All indebtedness is the obligation of the authority and payable from its revenues. The university paid $388,000 to the authority for disposal fees for the fiscal year ended June 30, 2024.

Virginia Tech/Montgomery Regional Airport Authority

Created by a joint resolution of the university, the towns of Blacksburg and Christiansburg, and the county of Montgomery, this authority serves to develop a regional airport based on the mission of servicing corporate executive markets and other general aviation markets; obtaining grants, loans and other funding for airport improvements and other activities; and promoting and assisting regional economic development. The authority is governed by its board, which consists of five members. Each participating governing body appoints one member of the board, and jointly all governing bodies appoint the fifth member. All indebtedness is the obligation of the authority and payable from its revenues. The university's funding commitment for fiscal year 2024 was $60,000, all of which Virginia Tech paid to the authority.

New River Valley Emergency Communications Regional Authority

Created by a joint resolution of the university, towns of Blacksburg and Christiansburg, and the county of Montgomery, this authority provides 911 dispatch and emergency communication services to the people of each jurisdiction and campus. The authority is governed by its board, which consists of five members. Each participating governing body appoints one member of the board, and jointly all governing bodies appoint the fifth member. The university paid $1,006,000 to the authority for the fiscal year ended June 30, 2024.

New River Valley Passenger Rail Station Authority

Created by a joint resolution of the university; Radford University; towns of Blacksburg, Christiansburg, and Pulaski; the city of Radford; and the counties of Floyd, Giles, Montgomery, and Pulaski, this authority enables the members to share the costs of developing, owning, and operating a regional rail station. The authority is governed by its board, which consists of twenty members. Each participating governing body appoints two members of the board. The university paid $9,000 to the authority for the fiscal year ended June 30, 2024.

30. Risk Management and Employee Healthcare Plans

The university is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; nonperformance of duty; injuries to employees; and natural disasters. The university participates in insurance plans maintained by the Commonwealth of Virginia. The state employee healthcare and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, boiler and machinery, as well as air and watercraft plans. The university pays premiums to the commonwealth for the aforementioned insurance coverage. In addition, the university contracts with private insurers to provide additional fidelity bonding coverage, automobile physical damage coverage, and overseas liability coverage. Information relating to the commonwealth's insurance plans is available in the Commonwealth of Virginia's *Annual Comprehensive Financial Report.*

31. Pending Litigation

The university has been named as a defendant in a number of lawsuits. The final outcome of the lawsuits cannot be determined at this time. However, management is of the opinion that any ultimate liability to which the university may be exposed will not have a material effect upon the university's financial position.

Photo by Luke Hayes/Virginia Tech

Required Supplementary Information

Required Supplementary Information for Pension Plans

Schedule of Virginia Tech's Share of Net Pension Liability (SERP)*
For the years ended June 30, 2023-2014
(all dollars in thousands)

	Proportion of net pension liability	Proportionate share of net pension liability	Employer's covered payroll	Proportionate share of net pension liability as a percentage of employer's covered payroll	Plan fiduciary net position as a percentage of total pension liability
2023	6.14%	$ 310,820	$ 306,250	101.49%	82.19%
2022	6.17%	$ 280,125	$ 283,379	98.85%	83.26%
2021	6.28%	$ 227,619	$ 271,869	83.72%	86.44%
2020	6.35%	$ 460,400	$ 283,418	162.45%	72.15%
2019	6.42%	$ 405,894	$ 270,954	149.80%	75.13%
2018	6.46%	$ 349,811	$ 270,309	129.41%	77.39%
2017	6.55%	$ 381,766	$ 262,376	145.50%	75.33%
2016	6.58%	$ 433,375	$ 263,416	164.52%	71.29%
2015	6.52%	$ 398,980	$ 246,888	161.60%	72.81%
2014	6.30%	$ 352,916	$ 243,099	145.17%	74.28%

Schedule of Virginia Tech's Share of Net Pension Liability (VaLORS)*
For the years ended June 30, 2023-2014
(all dollars in thousands)

	Proportion of net pension liability	Proportionate share of net pension liability	Employer's covered payroll	Proportionate share of net pension liability as a percentage of employer's covered payroll	Plan fiduciary net position as a percentage of total pension liability
2023	0.81%	$ 5,270	$ 3,007	175.26%	74.91%
2022	0.75%	$ 4,738	$ 2,535	186.90%	74.41%
2021	0.66%	$ 3,435	$ 2,296	149.61%	78.18%
2020	0.64%	$ 5,024	$ 2,367	212.25%	65.74%
2019	0.66%	$ 4,557	$ 2,293	198.74%	68.31%
2018	0.66%	$ 4,144	$ 2,294	180.65%	69.56%
2017	0.67%	$ 4,397	$ 2,315	189.94%	67.22%
2016	0.67%	$ 5,201	$ 2,328	223.41%	61.01%
2015	0.66%	$ 4,716	$ 2,247	209.88%	62.64%
2014	0.70%	$ 4,706	$ 2,461	191.22%	63.05%

**The amounts presented have a measurement date of the previous fiscal year end.*

Schedule of Virginia Tech's Pension Contributions (SERP)
For the years ended June 30, 2024 - 2015
(all dollars in thousands)

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of employer's covered payroll
2024	$ 48,281	$ 48,281	$ -	$ 336,824	14.33%
2023	$ 44,415	$ 44,415	$ -	$ 306,250	14.50%
2022	$ 41,085	$ 41,085	$ -	$ 283,379	14.50%
2021	$ 39,309	$ 39,309	$ -	$ 271,869	14.46%
2020	$ 37,758	$ 37,758	$ -	$ 283,418	13.32%
2019	$ 36,003	$ 36,003	$ -	$ 270,954	13.29%
2018	$ 36,466	$ 36,466	$ -	$ 270,309	13.49%
2017	$ 35,348	$ 35,348	$ -	$ 262,376	13.47%
2016	$ 36,931	$ 36,931	$ -	$ 263,416	14.00%
2015	$ 30,392	$ 30,392	$ -	$ 246,488	12.30%

Schedule of Virginia Tech's Pension Contributions (VaLORS)
For the years ended June 30, 2024 - 2015
(all dollars in thousands)

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of employer's covered payroll
2024	$ 801	$ 801	$ -	$ 3,290	24.35%
2023	$ 746	$ 746	$ -	$ 3,007	24.81%
2022	$ 557	$ 557	$ -	$ 2,535	21.97%
2021	$ 512	$ 512	$ -	$ 2,296	22.30%
2020	$ 503	$ 503	$ -	$ 2,367	21.25%
2019	$ 496	$ 496	$ -	$ 2,293	21.63%
2018	$ 483	$ 483	$ -	$ 2,294	21.05%
2017	$ 487	$ 487	$ -	$ 2,315	21.04%
2016	$ 439	$ 439	$ -	$ 2,328	18.86%
2015	$ 397	$ 397	$ -	$ 2,247	17.67%

Notes to Required Supplementary Information for Pension Plans

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

VRS – State Employee Retirement Plans (SERP)

Mortality Rates (Pre-retirement, post-retirement, healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/ Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

VaLORS Retirement Plan

Mortality Rates (Pre-retirement, post-retirement, healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Photo by Luke Hayes/Virginia Tech

Required Supplementary Information for Other Postemployment Benefit Plans

Schedule of Virginia Tech's Share of OPEB Liability (Asset)
For the years ended June 30, 2023-2017
(all dollars in thousands)

	Year	PMRH	VSDP	GLI	HIC	LODA
Employer's proportion of the collective total OPEB liability (asset)	2023	9.25%	3.52%	3.07%	8.79%	0.24%
	2022	9.12%	3.58%	3.06%	8.77%	0.25%
	2021	9.02%	3.69%	3.03%	8.66%	0.25%
	2020	8.93%	3.72%	3.03%	8.63%	0.23%
	2019	8.72%	3.79%	2.99%	8.59%	0.24%
	2018	8.53%	3.81%	2.95%	8.32%	0.23%
	2017	8.34%	3.79%	2.87%	8.19%	0.25%
Employer's proportionate share of the collective total OPEB liability (asset)	2023	$ 32,558	$ (11,134)	$ 36,765	$ 72,261	$ 968
	2022	$ 33,126	$ (10,575)	$ 36,809	$ 71,844	$ 933
	2021	$ 40,472	$ (12,709)	$ 35,260	$ 73,126	$ 1,103
	2020	$ 50,797	$ (8,213)	$ 50,486	$ 79,244	$ 957
	2019	$ 59,214	$ (7,438)	$ 48,635	$ 79,327	$ 868
	2018	$ 85,746	$ (8,583)	$ 44,770	$ 75,868	$ 735
	2017	$ 108,278	$ (7,790)	$ 43,235	$ 74,567	$ 663
Employer's covered payroll (where applicable)	2023		$ 178,588	$ 722,110	$ 721,504	
	2022		$ 164,921	$ 664,979	$ 664,536	
	2021		$ 159,351	$ 625,278	$ 623,963	
	2020		$ 161,260	$ 622,611	$ 621,914	
	2019		$ 153,447	$ 585,890	$ 585,614	
	2018		$ 147,739	$ 553,929	$ 558,853	
	2017		$ 142,553	$ 526,681	$ 531,560	
Proportionate share of the collective total OPEB liability (asset) as a percentage of employer's covered payroll	2023		6.23%	5.09%	10.02%	
	2022		6.41%	5.54%	10.81%	
	2021		7.98%	5.64%	11.72%	
	2020		5.09%	8.11%	12.74%	
	2019		4.85%	8.30%	13.55%	
	2018		5.81%	8.08%	13.58%	
	2017		5.46%	8.21%	14.03%	
Covered-employee payroll (where applicable)	2023	$ 751,554				N/A*
	2022	$ 689,890				N/A*
	2021	$ 643,930				N/A*
	2020	$ 642,357				N/A*
	2019	$ 601,489				N/A*
	2018	$ 575,313				N/A*
	2017	$ 548,609				N/A*
Proportionate share of the collective total OPEB liability (asset) as a percentage of covered-employee payroll	2023	4.33%				N/A*
	2022	4.80%				N/A*
	2021	6.29%				N/A*
	2020	7.91%				N/A*
	2019	9.84%				N/A*
	2018	14.90%				N/A*
	2017	19.74%				N/A*
Plan Fiduciary Net Position as a percentage of the total OPEB liability (asset)	2023	N/A	199.05%	69.30%	25.46%	1.31%
	2022	N/A	195.90%	67.21%	21.52%	1.87%
	2021	N/A	229.01%	67.45%	19.75%	1.68%
	2020	N/A	181.88%	52.64%	12.02%	1.02%
	2019	N/A	167.18%	52.00%	10.56%	0.79%
	2018	N/A	194.74%	51.22%	9.51%	0.60%
	2017	N/A	186.63%	48.86%	8.03%	1.30%

**The contributions for the Line of Duty Act Program (LODA) are based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution.*

This schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, only seven years are available. Additional years will be included as they become available.

Schedule of Virginia Tech's Share of OPEB Contributions
For the years ended June 30, 2024-2018
(*all dollars in thousands*)

	Year	VSDP	GLI	HIC	LODA*
Contractually required contribution	2024	$ 1,117	$ 4,141	$ 8,912	$ 42
	2023	$ 1,088	$ 3,740	$ 8,047	$ 42
	2022	$ 998	$ 3,584	$ 7,429	$ 32
	2021	$ 971	$ 3,397	$ 7,050	$ 34
	2020	$ 968	$ 3,231	$ 7,262	$ 31
	2019	$ 950	$ 3,039	$ 6,836	$ 32
	2018	$ 977	$ 2,880	$ 6,653	$ 25
Contributions in relation to contractually required contribution	2024	$ 1,117	$ 4,141	$ 8,912	$ 42
	2023	$ 1,088	$ 3,740	$ 8,047	$ 42
	2022	$ 998	$ 3,584	$ 7,429	$ 32
	2021	$ 971	$ 3,397	$ 7,050	$ 34
	2020	$ 968	$ 3,231	$ 7,262	$ 31
	2019	$ 950	$ 3,039	$ 6,836	$ 32
	2018	$ 977	$ 2,880	$ 6,653	$ 25
Contribution deficiency (excess)	2024	$ -	$ -	$ -	$ -
	2023	$ -	$ -	$ -	$ -
	2022	$ -	$ -	$ -	$ -
	2021	$ -	$ -	$ -	$ -
	2020	$ -	$ -	$ -	$ -
	2019	$ -	$ -	$ -	$ -
	2018	$ -	$ -	$ -	$ -
Employer's covered payroll (where applicable)	2024	$ 194,558	$ 798,455	$ 797,971	$ 3,680
	2023	$ 178,588	$ 722,110	$ 721,504	$ 3,272
	2022	$ 164,921	$ 664,979	$ 664,536	$ 2,734
	2021	$ 159,351	$ 625,278	$ 623,963	$ 2,455
	2020	$ 161,260	$ 622,611	$ 621,914	$ 2,419
	2019	$ 153,447	$ 585,890	$ 585,614	$ 2,297
	2018	$ 147,739	$ 553,929	$ 558,853	$ 2,843
Contributions as a percentage of employer's covered payroll	2024	0.57%	0.52%	1.12%	1.14%
	2023	0.61%	0.52%	1.12%	1.28%
	2022	0.61%	0.54%	1.12%	1.17%
	2021	0.61%	0.54%	1.13%	1.38%
	2020	0.60%	0.52%	1.17%	1.28%
	2019	0.62%	0.52%	1.17%	1.39%
	2018	0.66%	0.52%	1.19%	0.88%

**The contributions for the Line of Duty Act Program (LODA) are based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution.*

This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only seven years are available. Additional years will be included as they become available.

Notes to Required Supplementary Information for Other Postemployment Benefit Plans

PMRH program

There are no assets accumulated in a trust to pay related benefits.

Changes of benefit terms – There have been no changes to the benefit provisions since the prior actuarial valuation.

Changes of assumptions – There were not any changes in assumptions since the June 30, 2022, measurement date. The following remained constant since the prior measurement date:

Spousal coverage – rate remained at 20%
Retiree participation – rate remained at 35%

Retiree participation was based on a blend of recent experience and the prior year assumptions.

The trend rates were updated based on economic conditions as of June 30, 2023. Additionally, the discount rate was increased from 3.54% to 3.65% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2023.

VSDP, GLI, HIC, and LODA programs

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General State Employees (VSDP, GLI, HIC, LODA)

Mortality Rates (Pre- retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change (Discount rate does not apply to LODA)

Teachers (GLI)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

SPORS Employees (VSDP, GLI, HIC, LODA)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. Increased disability life expectancy for VSDP and LODA.
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change (Discount rate does not apply to LODA)

VaLORS Employees (VSDP, GLI, HIC, LODA)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. Increased disability life expectancy for VSDP and LODA.
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change (Discount rate does not apply to LODA)

JRS (GLI, HIC)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

Largest Ten Locality Employers – General Employees (GLI)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers – General Employees (GLI)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Largest Ten Locality Employers – Hazardous Duty Employees (GLI)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers – Hazardous Duty Employees (GLI)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Largest Ten Locality Employers with Public Safety Employees (LODA)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Non-Largest Ten Locality Employers with Public Safety Employees (LODA)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Optional Supplementary Information

Virginia Tech Foundation Inc.

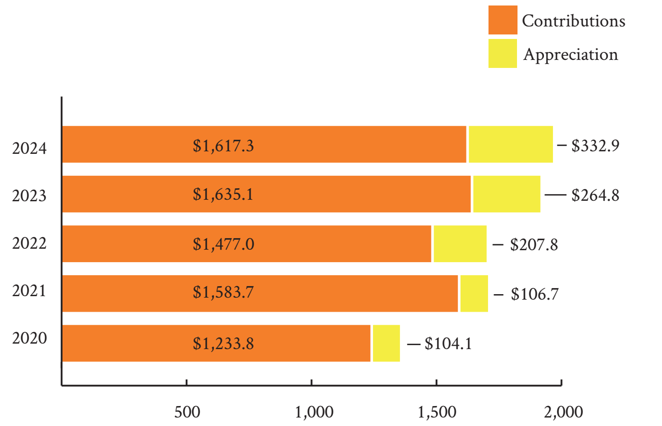
The purpose of Virginia Tech Foundation Inc. (VTF) is to receive, invest, and manage private funds given for the support of programs at Virginia Tech and to foster and promote the growth, progress, and general welfare of the university. The information presented on this page is categorized as presented in the foundation's audited financial statements that follow the Financial Accounting Standards Board (FASB) presentation requirements

During the current fiscal year, the foundation recognized $178.3 million in contributions for support of the university. Investment income of $21.2 million along with net gain on investments of $103.6 million resulted in a $124.8 million net gain on investment activity. Property rental and hotel operating income totaled $86.7 million. Other income accounted for $17.7 million.

Total income of $407.5 million was offset by $246.8 million in expenses that supported the university and its programs. Direct support to various university programs aggregated $158.7 million, which included $44.9 million in scholarship support to students and faculty and $10.5 million towards university capital projects. Additional expenses such as fundraising, management and general, research center, hotel operating, golf course, and other costs totaled $88.2 million. Total net position increased by $159.1 million over the previous year and includes the increase in the valuation of split-interest agreements offset by income tax expense.

VTF Endowment Market Value*

For the years ended June 30, 2024-2020
(all dollars in millions)

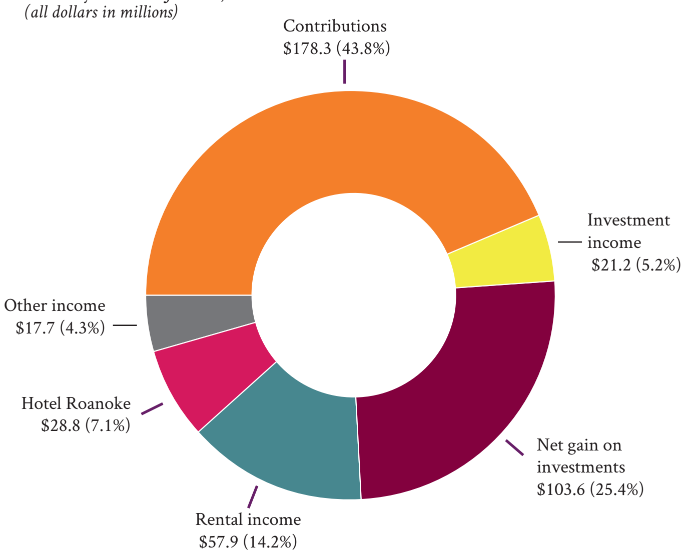


**Source: Virginia Tech Investment Managers, unaudited*

Market value of endowment funds includes agency deposit held in trust of $694.4 million.

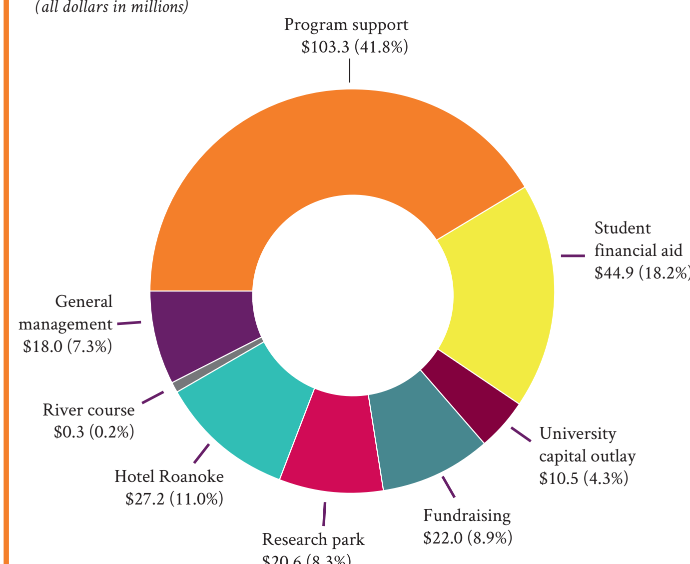
VTF Revenues, Gains, and Other Support

For the year ended June 30, 2024
(all dollars in millions)



VTF Expenses

For the year ended June 30, 2024
(all dollars in millions)



Affiliated Corporations Financial Highlights

For the years ended June 30, 2024 - 2020

(all dollars in thousands)

	2024	2023	2022	2021	2020
Assets					
Virginia Tech Foundation Inc.	$ 3,026,297	$ 2,838,340	$ 2,667,802	$ 2,687,603	$ 2,265,838
Virginia Tech Innovation Corporation	9,974	10,326	11,311	9,145	9,488
Virginia Tech Services Inc.	12,869	11,449	8,677	7,380	7,311
Virginia Tech Applied Research Corporation	13,555	10,609	5,827	4,610	4,219
Virginia Tech Intellectual Properties Inc.	4,046	3,574	2,752	2,102	1,735
Total Assets	$ 3,066,741	$ 2,874,298	$ 2,696,369	$ 2,710,840	$ 2,288,591
Revenues					
Virginia Tech Foundation Inc.	$ 407,475	$ 336,472	$ 248,744	$ 465,260	$ 210,179
Virginia Tech Innovation Corporation	8,404	6,156	7,020	4,731	4,921
Virginia Tech Services Inc.	4,853	4,374	3,938	2,533	4,172
Virginia Tech Applied Research Corporation	21,135	20,840	18,949	13,419	11,233
Virginia Tech Intellectual Properties Inc.	4,605	3,912	3,075	2,502	2,052
Total Revenues	$ 446,472	$ 371,754	$ 281,726	$ 488,445	$ 232,557
Expenses					
Virginia Tech Foundation Inc.	$ 246,857	$ 220,582	$ 242,232	$ 155,779	$ 180,673
Virginia Tech Innovation Corporation	8,635	7,437	6,767	5,347	6,612
Virginia Tech Services Inc.	2,887	2,881	3,130	2,433	3,438
Virginia Tech Applied Research Corporation	20,033	19,421	17,930	13,262	11,415
Virginia Tech Intellectual Properties Inc.	3,953	3,437	2,888	2,138	2,016
Total Expenses	$ 282,365	$ 253,758	$ 272,947	$ 178,959	$ 204,154

The organizations included above are related to the university by affiliation agreements. These agreements, approved by the Virginia Tech Board of Visitors, require an annual audit to be performed by independent auditors. These auditors have examined the financial records of the organizations presented in the table above and copies of their audit reports have been provided to the university. Values presented in this table are based solely upon these audit reports and do not include any consolidation entries to alter these amounts. Affiliated organizations that hold no financial assets and certify all financial activities or transactions through the Virginia Tech Foundation Inc. may be exempt from the independent audit requirement. Virginia Tech Athletic Fund Inc., Virginia Tech Corps of Cadets Alumni Inc., and Virginia Tech Alumni Association meet exemption requirements and are not presented separately in this table. Additionally, Virginia Tech India Research and Education Forum (VTIREF) is not presented in this table due to the immateriality of its financial figures in comparison with the organizations included.

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 18, 2024

The Honorable Glenn Youngkin, Governor of Virginia

Joint Legislative Audit and Review Commission

Board of Visitors, Virginia Polytechnic Institute and State University

President Timothy D. Sands, President, Virginia Polytechnic Institute and State University

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of **Virginia Polytechnic Institute and State University** (Virginia Tech) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Virginia Tech's basic financial statements and have issued our report thereon dated November 18, 2024. Our report includes a reference to another auditor who audited the financial statements of the component unit of Virginia Tech, as described in our report on Virginia Tech's financial statements. The other auditors did not audit the financial statements of the component unit of Virginia Tech in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the component unit of the University.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Virginia Tech's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Virginia Tech's internal control. Accordingly, we do not express an opinion on the effectiveness of Virginia Tech's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control titled "Properly Complete Federal Verification Prior to Disbursing Title IV Aid," which is described in the section titled "Internal Control and Compliance Finding and Recommendation," that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Virginia Tech's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the section titled "Internal Control and Compliance Finding and Recommendation" in the finding titled "Properly Complete Federal Verification Prior to Disbursing Title IV Aid."

The University's Response to Findings

We discussed this report with management at an exit conference held on November 21, 2024. Government Auditing Standards require the auditor to perform limited procedures on the University's response to the findings identified in our audit, which is included in the accompanying section titled "University Response." The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Status of Prior Findings

The University has taken adequate corrective action with respect to prior audit findings identified as complete in the Findings Summary included in the Appendix.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AUDITOR OF PUBLIC ACCOUNTS

MBR/vks

AUDIT SUMMARY

We have audited the basic financial statements of Virginia Polytechnic Institute and State University (Virginia Tech) as of and for the year ended June 30, 2024, and issued our report thereon, dated November 18, 2024. Our report, included in Virginia Tech's Annual Financial Report, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at Virginia Tech's website at www.vt.edu. Our audit found:

- the financial statements are presented fairly, in all material respects;
- one matter involving internal control and its operation necessary to bring to management's attention that also represents an instance of noncompliance with applicable laws and regulations or other matters that is required to be reported; and
- adequate corrective action with respect to prior audit findings and recommendations identified as complete in the Findings Summary included in the Appendix.

Our audit also included testing over the major federal program of the Student Financial Assistance Programs Cluster for the Commonwealth's Single Audit as described in the U.S. Office of Management and Budget Compliance Supplement; and found one internal control finding requiring management's attention and an instance of noncompliance in relation to this testing.

In the section titled "Internal Control and Compliance Finding and Recommendation" we have included our assessment of the conditions and causes resulting in the internal control and compliance finding identified through our audit as well as recommendations for addressing that finding. Our assessment does not remove management's responsibility to perform a thorough assessment of the conditions and causes of the findings and develop and appropriately implement adequate corrective actions to resolve the finding as required by the Department of Accounts in Topic 10205 – Agency Response to APA Audit of the Commonwealth Accounting Policies and Procedures Manual. Those corrective actions may include additional items beyond our recommendation.

INTERNAL CONTROL AND COMPLIANCE FINDING AND RECOMMENDATION

Properly Complete Federal Verification Prior to Disbursing Title IV Aid
Type: Internal Control and Compliance
Severity: Significant Deficiency

Virginia Tech personnel did not properly complete the federal verification process prior to disbursing Title IV aid. Management indicated the errors were due to a combination of factors including an error by the third-party vendor and an internal error in the computer logic that assigns students to specific tracking groups for required follow-up. We noted the following instances of noncompliance:

- For two out of 33 (6%) students flagged for verification, Virginia Tech staff did not request or obtain appropriate documentation to verify applications prior to awarding Title IV aid totaling $11,877.
- In one of 25 (4%) students tested, the third-party vendor verified an incorrect amount for the Education Tax Credit.

In accordance with Title 34 U.S. Code of Federal Regulations (CFR) § 668.54 through 34 CFR § 668.57, an institution must require an applicant whose Free Application for Federal Student Aid (FAFSA) information has been selected for verification to verify the information required by the Secretary. Free Application for Federal Student Aid (FAFSA) Information to be Verified for the 2023–2024 Award Year, Federal Register 87 F.R. 40826 outlines the information the Secretary requires to be verified and the acceptable documentation by Verification Tracking Flag and Verification Tracking Group. Further, in accordance with U.S. Department of Education (ED) Electronic Announcement GRANTS 24-04, published on April 12, 2024, Virginia Tech is required to verify all recipients selected for verification by ED's Central Processing System (CPS) unless a recipient is exempt from verification in accordance with the exclusions from verification provided for in the regulations at 34 CFR 668.54(b). By not performing or improperly performing the necessary verification, Virginia Tech may provide financial aid disbursements to students based upon inaccurate information.

Management should ensure the logic used in the student information system to assign students to Verification Tracking Groups is accurate. Management should implement corrective action to prevent future noncompliance and should consider implementing a quality control review to ensure that University personnel obtain, review, and retain acceptable documentation for audit purposes.

APPENDIX

FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	First Reported for Fiscal Year
Improve Compliance over Enrollment Reporting	Complete	2018
Properly Complete Federal Verification Prior to Disbursing Title IV Aid	Ongoing	2024

* A status of **Complete** indicates adequate corrective action taken by management. **Ongoing** indicates new and/or existing findings that require management's corrective action as of fiscal year end.

University Controller (MC 0312)
North End Center, Suite 3300, Virginia Tech
300 Turner Street NW
Blacksburg, Virginia 24061
P: (540) 231-6418 F: (540) 231-7221
www.co.vt.edu

January 21, 2025

Staci Henshaw, CPA
Auditor of Public Accounts
P. O. Box 1295
Richmond, VA 23218

Dear Ms. Henshaw:

We have reviewed the audit finding and recommendation resulting from the 2024 audit by the Auditor of Public Accounts. The university concurs with the finding and provides the following response.

University Response:

Virginia Tech updated the Banner tracking group logic to ensure verification is requested timely and reviewed all 2023-24 verification files ensuring required documents were on file. The university will include a weekly random sample of files flagged for verification and confirm that documentation is complete prior to disbursement. The university will provide additional annual training and a documentation requirements checklist to improve Specialist completion of the verification process and ensure consistent handling and retention of all required documents.

Responsible Person: Nicci Ratcliff, Associate Director for Processing Operations

Completion Date: July 31, 2025

Sincerely,

DocuSigned by:
Melinda West
FC2A3844762F4FF...

Melinda J. West, MBA CPA
Associate Vice President for Finance and
University Controller

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College of Architecture, Arts, and Design

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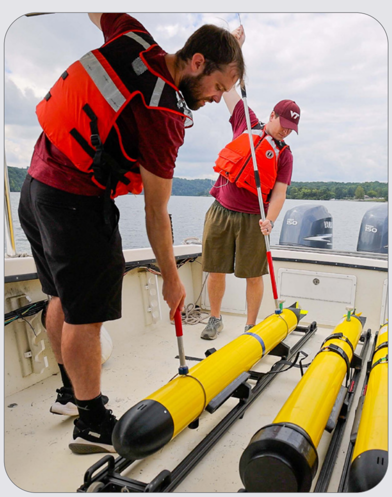
Lisa J. Wilkes
Vice President for Strategic Initiatives / Special Assistant to the President

Frances Keene
Vice President for Student Affairs







Photos courtesy of Communications and Marketing/Virginia Tech

Prepared by the Virginia Tech Office of the University Controller
Published January 2025
This report and reports from prior years are available at
www.controller.vt.edu/financialreporting.html